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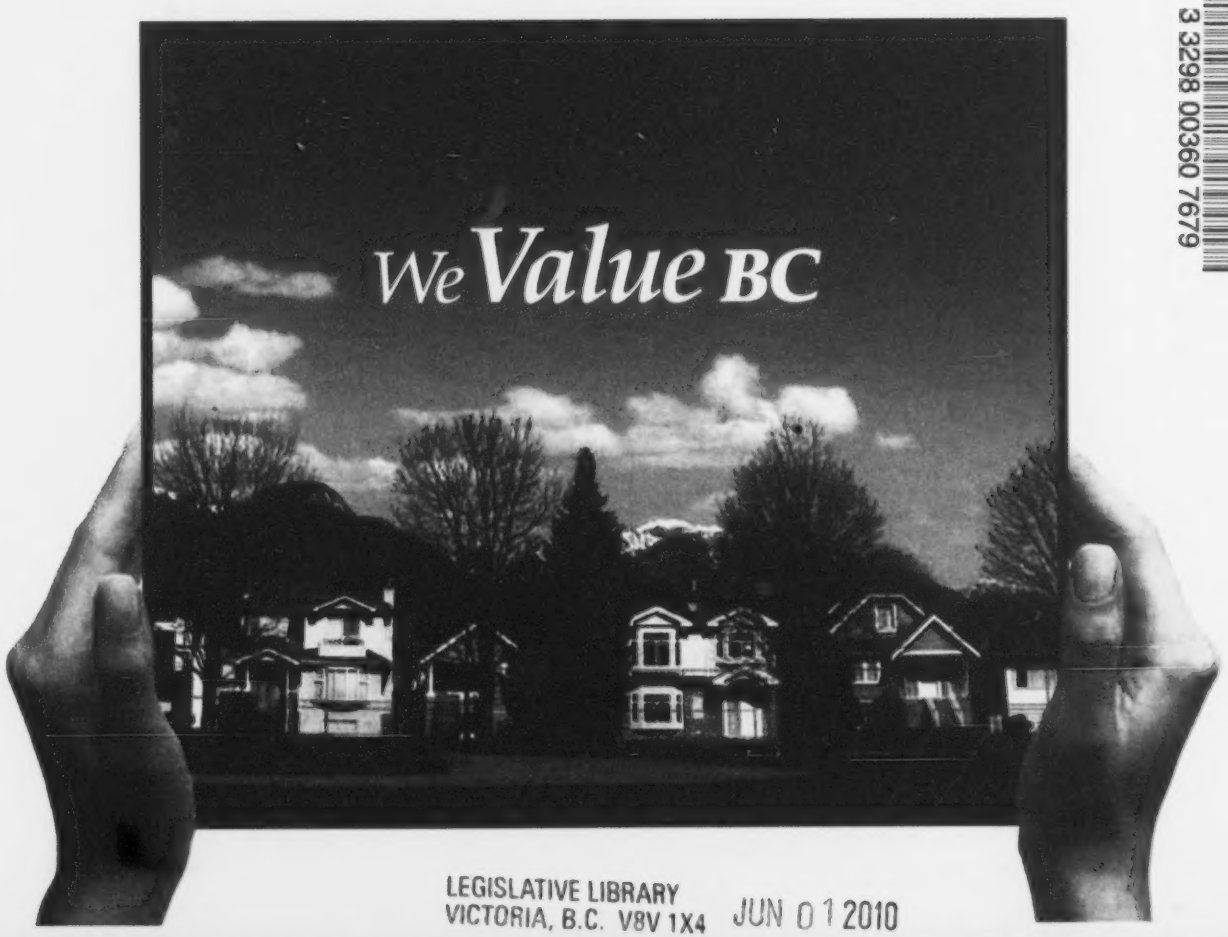
BC Assessment

ANNUAL REPORT 2009



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Message from the Board Chair to the Minister Responsible

The Honourable Bill Bennett
Minister of Community and Rural Development
Government of British Columbia

On behalf of the Board of Directors, management and employees of the British Columbia Assessment Authority (BC Assessment), I am pleased to present the 2009 Annual Service Plan Report.

2009 was a year of continued uncertainty for the global economy. Property values, which were significantly impacted in 2008 by global recession, stabilized in 2009, and BC Assessment successfully managed the potentially difficult transition from the altered roll process back to a regular assessment cycle for production of the 2010 Assessment Roll. The altered roll process occurred in November 2008 when the B.C. government passed Bill 45, the *Economic Incentive and Stabilization Statutes Amendment Act* (2008). Bill 45 changed the 2009 roll production process to cushion property owners from the rapid changes seen in property values across the province in late 2008.

As well as managing this transition, BC Assessment achieved improved performance levels on all of our measures relating to Goal 4: Products and Services through enhanced collaboration with key customer groups and stakeholders, internal process improvements and quality controls, and a public communications campaign to inform British Columbians of the reversion to a regular assessment cycle and its implications.

BC Assessment's cost per property performance measure reflects our ongoing commitment to keep the costs of providing assessment services for property owners as low as possible. In 2009, we were able to keep our cost per property rate below our target of $39.45. Efficiency and cost effectiveness throughout our organization are required to minimize any potential increases in levies. As we move forward, we will be making significant investments in a new finance/human resources/payroll system, business process re-engineering and a more robust and integrated planning and budgeting process. These investments, along with our ongoing strategic focus on Effectiveness, support our commitment to manage our resources more effectively, focus on our long-term goals and minimize costs to taxpayers.

Moving through the uncertainty of the current operating environment, BC Assessment must focus on and invest in comprehensive and long-term planning, using solid evidence and risk analysis in our decision-making. In addition, we must be able to demonstrate to our Shareholder, customers and stakeholders that we can meet our mandate and service commitments with integrity, transparency and impartiality, while seeking innovative solutions to our challenges and evolving customer needs. As a result, in 2009 we added a fourth core value, pledging to be innovative. Our 2009–2011 Service Plan Update also defined a new vision for BC Assessment: "We are trusted to value B.C."

Annual increases in the number of new properties that require assessment services are continuing the recent growth trend, adding the equivalent of a city the size of Victoria or Prince George to the assessment roll each year. This growth presents challenges for the organization, such as doing effective succession

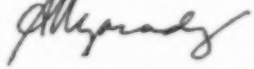
Message from the Board Chair to the Minister Responsible

planning, and ensuring that we have the resources and capacity to respond to changing assessment and technological advances. In spite of these uncertainties and resource constraints, in 2009 BC Assessment continued to meet the majority of our ambitious 2009–2011 Service Plan targets for employee engagement, customer service, relationships, roll quality and organizational effectiveness.

Looking forward, we will continue to pursue initiatives that support the achievement of our corporate goals and ensure effective responses to our challenges and opportunities. As an example, the initiatives include developing a customer service strategy that will align our resources to better respond to customer requirements, as well as adopting new technologies and practices to enable more efficient reassessment and help us achieve our annual performance targets for roll quality. Behind the scenes, we will support and monitor these initiatives through an enhanced management information system and the ongoing implementation of business best practices that ensure BC Assessment remains an effective and agile service delivery organization.

I would like to take this opportunity to thank my fellow Board members for their support and ongoing commitment to the organization. Special thanks to outgoing Board Chair Lillian White and Board member Christopher Nicolls for their valued contributions and years of service to the organization, and I welcome Judy Rogers, who was recently appointed to the Board. In addition, I thank the BC Assessment staff who worked collaboratively toward achieving our performance targets in 2009 and acknowledge those staff who retired from the organization over the past year. I also acknowledge and thank our Shareholder for their support and our stakeholders for their cooperation in helping us "value B.C."

BC Assessment takes pride in delivering services to our customers, and in our international reputation as a high-performing property assessment organization. We are ready to move forward into another year of exciting achievements and challenges, delivering the best value to our customers and ensuring that "we are trusted to value B.C."



Anna Nyarady
CHAIR, BOARD OF DIRECTORS

ACCOUNTABILITY STATEMENT

BC Assessment's 2009 Annual Service Plan Report was prepared by management under the Board's direction in accordance with the Budget Transparency and Accountability Act *(2000) and the BC Reporting Principles. The Board of Directors, through its direction to the CEO and its review of this report, is responsible for the contents of the annual report, including what is covered and how it has been reported.*

The information presented reflects the actual performance of BC Assessment for the 12 months ended December 31, 2009 in relation to the 2009–2011 Service Plan (published in February 2009) and the 2009–2011 Service Plan Update (published in September 2009).

The Board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of May 18, 2010, were considered in preparing the annual report. The report contains estimates and interpretive information that represent the best judgement of management. Any changes in mandate, direction, goals, strategies, measures or targets since the 2009–2011 Service Plan Update was released in September 2009 and any significant limitations on the reliability of the data are identified in the report.

Performance Highlights

Externally, the real estate market stabilized in 2009 and, in some areas of the province, started to grow. Due to the overall trend of slowed property sales, however, challenges arose for BC Assessment in creating market-based assessments where limited sales of certain property types prior to July 1 provided a minimal basis for comparison. Lower levels of new construction in 2009 reduced our revenues from that source, and a general environment of financial restraint required additional caution and care in allocating and balancing resources to meet our budget. BC Assessment completed a resource-based planning and budgeting process that clearly demonstrated our projects and commitments for 2010, and secured financial resources to support implementation.

Potential issues with the transition from the roll production year affected by Bill 45 back to a regular assessment cycle were effectively mitigated through extensive consultation with property owner and stakeholder groups, included the Taxing Jurisdiction Advisory Committee (TJAC), regular roundtable and industry meetings, and the use of an advisory structure with the executive and management representatives of provincial government ministries principally involved with BC Assessment. Appeals and challenges to the accuracy of assessments produced in 2009 for the 2010 roll was 27,598 – higher than the 19,239 seen for the 2009 roll, but not as high as the 2008 roll level of 28,966.

Internally, BC Assessment has taken decisive action to strengthen our leadership, invest in people and enhance products and services so that we meet customer needs and expectations. We invested in team-building sessions with our Executive Management Team, and instigated regular office visits from our CEO and vice presidents across all our regions. In 2009, the BC Assessment Corporate Employee Engagement Plan was released and implemented across the organization, with additional local action plans developed within each office. BC Assessment completed the first phase of a customer service strategy to provide clear direction on the specific needs of distinct customer groups and to enhance services to these customers. We delivered customer service excellence training to staff in 2009, and will continue to deliver service training moving forward.

We introduced the first phase of a management information system to enable enhanced internal performance management based on key performance indicators. BC Assessment successfully completed a pilot project for a residential assessment technique using street-view and aerial photos to allow for more efficient property re-inventory practices. Geographic Information Systems (GIS) provide map-based data and add value to our products and services by allowing property owners to easily refer to and compare property information. As of December 31, 2009, BC Assessment's GIS team had linked 93.4% of the 1,883,669 active folios to the assessment fabric.[1] This represents approximately 260,000 new folio linkages in one year. BC Assessment also installed a new telecom network across all regions, and successfully concluded the

[1] *The assessment fabric is a spatial representation of the BC Assessment database.*

Performance Highlights

Request for Proposal (RFP) and selection of an integrated solution to replace the aging finance/human resources/payroll system.

In 2009, BC Assessment created staff Green Teams in each of our office locations to provide leadership and promote environmental awareness and adoption of green practices, and moved its Nanaimo office into a new Leadership in Energy and Environmental Design (LEED) silver standard building. We also announced the amalgamation of our Vernon and Penticton offices into the Kelowna location, which will lead to increased efficiencies, reduction in office expenses and a diminished carbon footprint from facilities operations.

Supported by our skilled and dedicated staff, BC Assessment delivered on our commitments to the province and its people to provide property assessment products and services, meeting our challenges head-on and carefully managing resources to move forward with new technologies and business best practices.

Table 1: BC Assessment 2009 Performance Measure Highlights

GOAL	2009 PERFORMANCE MEASURE HIGHLIGHTS
1. People and Culture	Reached corporate employee engagement target of 62, an improvement of approximately 5% over the 2008 score of 59.
2. Customers	Achieved residential/non-residential customer satisfaction level of 83.9% in 2009, and local government/First Nations customer satisfaction level of 95.8%.
3. Relationships	Demonstrated 99.4% overall satisfaction with service provided to provincial government clients.
4. Products and Services	Delivered 534 assessments to completed roll with appeal for the 2010 roll (by December) measured in hundredths of one per cent on 12 service standards for our products and services.
5. Effectiveness	Actual cost per property was $39.11, which is 34 cents below the target of $39.45.

For details on these performance measures and targets, please see the 2009 Report on Performance, starting on page 15 of this document.

35 YEARS OF ASSESSING B.C.

BC Assessment celebrated its 35th anniversary in 2009. Before the Crown corporation was created, local governments depended on their own separate assessment organizations. Assessment criteria and valuation methods varied, and assessments were frequently challenged and often difficult to defend. By 1973, with 140 independent assessment organizations in B.C., the situation had grown into a serious provincial crisis of trust. Alarmed with the rising incidence of equity grievances, and pressured by property owners and the public sector, the provincial government created the British Columbia Assessment Authority. Six months later, the Crown corporation created B.C.'s first impartial and independent assessment roll. When established in 1974, BC Assessment had 879,125 folios on the assessment roll, with a value of $42.2 billion, and was supported by 704 staff. In 2009, approximately 650 full-time staff managed a portfolio that has more than doubled to over 1.88 million folios, with a value of $969 billion. For more information on BC Assessment's history, please see the link in **Appendix A**.

Organizational Overview

VISION

We are trusted to value B.C.

MISSION

To create uniform assessments which are relied upon to build sustainable communities throughout B.C.

VALUES

INTEGRITY: We act in an ethical manner and we honour our commitments.

TRANSPARENCY: We are fair and open in how we conduct our business.

IMPARTIALITY: We are objective and unbiased. We do our work and make our decisions without favour or prejudice.

INNOVATIVE: We provide creative business solutions and support a culture of continuous improvement.

BC Assessment is a provincial Crown corporation with the legislated mandate to establish and maintain assessments that are uniform in the whole of British Columbia, in accordance with the *Assessment Act* (1996).

Our work helps all levels of government to establish a sound foundation for fiscal planning and service provision. BC Assessment's products and services are relied on by British Columbians, provincial and municipal governments, and other public bodies that generate real property tax revenue. The tax amount for each property is based on the assessed value of property and the projected cost for the provision of public services as determined by the taxation authority.

In 2009, over $6 billion in tax revenues were generated through property tax levies. This funding allows communities across the province to sustain the community services, transportation infrastructure, schools, parks, and recreational and cultural services that provide broad public benefits. A reliable assessment roll contributes to a stable tax base for taxing jurisdictions, which is essential to achieving sustainable communities across the province.

The provision of an annual assessment roll is central to our work (see **Table 2**). The assessment roll contains the legal description, ownership information, assessed value, use classification, tax exemption status and other details for every property in B.C. Each year, BC Assessment determines the market value of properties as of July 1, and every December 31 provides an annual assessment roll to each taxing jurisdiction and sends a Property Assessment Notice to every designated property owner. In January 2010, notices were sent to property owners for more than 1.88 million properties – an increase of almost 30,000 properties from the 2009 Assessment Roll. The taxable value of the 2010 Assessment Roll is $969 billion, an increase of $16 billion or 1.7% over the 2009 Assessment Roll.

Table 2: BC Assessment's Core Products

PRODUCT	DETAIL
Assessment Roll	**Completed Roll** – Annual assessment roll completed, approved by regional assessors by December 31 and used to calculate taxation in the following year.
	Revised Roll – Includes amendments made by a Property Assessment Review Panel (PARP) during February to mid-March each year.
	Supplementary Roll – Contains changes and corrections, including decisions from the Property Assessment Appeal Board (PAAB). Supplementary rolls are issued between April and December.
	Grant Roll – Contains the assessed value of properties that are exempt from property taxation, such as government properties, schools and hospitals. A total of 10 grant rolls (e.g., BC Hydro, BC Transmission Corporation, BC Rail) are issued by March 31 each year. The roll that values these exempt properties serves as the foundation for payments in lieu of property taxes.
First Nations Assessment Roll	BC Assessment completes an assessment roll on approximately the same schedule as above for 58 First Nations that have authority to establish independent real property taxation systems.
Assessment Notice	An assessment notice details the assessed value of the land and any improvements on the property. Assessment notices are mailed by December 31 to every person designated on the assessment roll to receive one.
Statutory Report	Statutory reports are released with the completed and revised rolls, and give value summaries for specific taxation purposes such as funding for school districts, regional districts, local areas, and hospital and transit services.

CALENDAR YEAR VS. ROLL YEAR

Throughout the Annual Service Plan Report, we refer to both calendar years and roll years. The assessment roll production cycle means that the work completed each year supports the assessment roll released for the following year. Thus, the 2009 calendar year is the period in which we create the 2010 Assessment Roll. The 2009 performance measure results therefore reflect performance both in the period of roll production (2009 calendar year) and on roll quality (2010 Assessment Roll). In figures and tables, the 20XX roll year refers to the 20XX Assessment Roll, produced in the preceding calendar year.

Our Customer Service Commitment

Living up to our values and our commitments is essential to maintaining the trust placed in us by the provincial government and the people of B.C. Our customer service commitment (see **Figure 1**) to be reliable, accessible, uniform and respectful defines how we work with our customers. To be trusted and valued, we need to meet customer needs as fully as possible while operating within our given mandate. At BC Assessment, we are continually working to improve our customer service.

BC Assessment must deliver property assessments that are fair and accurate. Property owners have access to a range of options to ensure the accuracy or impartiality of their assessment. Local BC Assessment appraisers can often resolve issues with a property owner, but in cases where informal resolution with the appraiser is not possible, the matter can be forwarded to a local Property Assessment Review Panel (PARP) from February to mid-March of each year. Prior to April 30, property owners may appeal PARP decisions to the Property Assessment Appeal Board (PAAB), which is independent from the PARP process, the provincial government and BC Assessment. PAAB decisions may be further appealed to higher courts that hear property appeals based only on points of law.

For more information on PARPs and the PAAB, please see the resource links available in **Appendix A**.

Figure 1: BC Assessment's Customers and Customer Service Commitment[1]

[1] *Numbers valid as of April 30, 2010.*

[2] *Folio counts are approximate. If a folio has more than one property class, it will be counted in both categories. More than 57,000 folios are recorded in multiple property classes or property sub-classes.*

FOLIOS, PARCELS AND PROPERTIES

Folio (BC Assessment) – A collection of data, identified by a roll number, that consists of ownership, actual value and other information required for assessment purposes. The data in a folio usually describes one parcel and any improvements on it. A folio may describe multiple parcels and their improvements, or a portion of a parcel and/or the improvements on such a parcel. Folio is synonymous with (Assessment) Roll Number.

Parcel (Assessment Act, 1996 s. 1) – A lot, block, or other area in which real property is held or into which real property is subdivided and includes the right or interest of an occupier of Crown land but does not include a highway or portion of a highway.

Property (Assessment Act, 1996) – Includes land and improvements.

Collaboration and Partnerships

We work in partnership with other agencies to add value to services and to save taxpayer dollars. For example, BC Assessment:

- Is a founding member of the Integrated Cadastral Information Society (ICIS), which is creating a single source for all provincial mapping data from government and private sector sources so that all partners can share resources more efficiently.
- Sponsors organizations that represent local governments at various levels, including the Union of British Columbia Municipalities, the Local Government Management Association and the Government Financial Officers Association of British Columbia.
- Consults with a variety of property owner groups, including the Council of Tourism Associations of BC and seniors' housing property owners.
- Signed a memorandum of understanding with the BC Oil and Gas Commission to share property information.
- Works directly with partner organizations such as the Appraisal Institute of Canada and the International Association of Assessing Officers (IAAO) to continually improve the assessment system in B.C.
- Enhances consultation with taxing jurisdictions through the Taxing Jurisdiction Advisory Committee.

Revenue and Resources

BC Assessment is funded primarily through property tax levies administered by the taxing authorities. In addition, we receive approximately $5 million in revenue each year from a number of other sources, such as contracts with First Nations, payments in lieu of taxes and data access services. The latter source includes the following services:

- Provision of bulk electronic assessment roll, sales and residential inventory data
- Custom reports
- Professional consulting services
- Enhanced data provision with BC OnLine and private sector data agents.

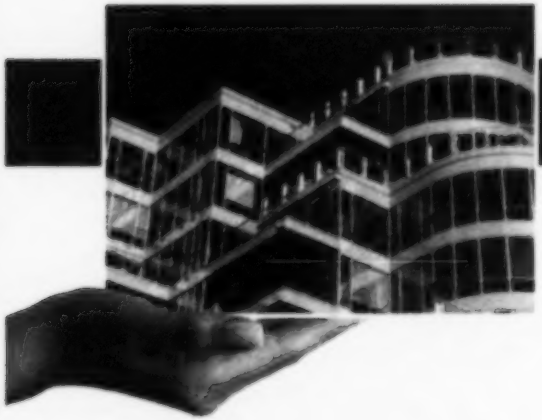
Revenue from all these non-levy sources are netted against operating costs, thereby reducing the revenue requirement from property tax payers. BC Assessment is committed to limiting impacts to property owners through these alternative revenue sources and tracks the cost per property for assessment services within our suite of performance measures.

Organizational Structure

BC Assessment currently employs approximately 650 full-time staff positions in 19 offices throughout the province. The primary customer service points are the 18 area offices, which are geographically dispersed across B.C. By the end of 2010, the number of area offices will be reduced to 16 through office amalgamations in the Okanagan.

The efforts of all staff, both in field operations and in the support divisions, are coordinated to meet BC Assessment's mandate and goals. Whether they are collecting data, interacting with customers, building stakeholder and partner relationships, managing our facilities and resources, or developing and maintaining our systems and processes, all staff members contribute to the quality of our product delivery and customer service.

For details on the organizational and governance structure of BC Assessment, see **Appendix B**.



Corporate Governance

BC Assessment's governance is defined in legislation applicable to all Crown corporations, as well as in the *Assessment Authority Act* (1996) and the *Assessment Act* (1996).

Board of Directors

A Board of Directors, appointed by B.C.'s Lieutenant Governor in Council, occupies a central role in the governance of BC Assessment. The implementation of the *Assessment Statutes Amendment Act* (2007), c. 13 (now included in the *Assessment Authority Act*, 1996, c. 21), established a new corporate governance structure that made the Board of Directors fully accountable for setting corporate direction, including appointing the President and CEO, setting policy and monitoring performance. The Board also has exclusive jurisdiction to regulate the valuation rates of certain properties in the province, such as major industrial properties and electric power generation.

The Board is supported by four standing committees, ad hoc committees as required and the Executive Management Team (see **Appendix B**). Responsibility for day-to-day management of BC Assessment is delegated to the President and CEO, who leads BC Assessment in achieving the goals and priorities established by the Board, sets the standards for organizational conduct and recommends new initiatives to the Board.

Governance Principles

The Board of Directors has adopted the guiding principles included in the provincial government's *Best Practice Guidelines: BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations*.

Shareholder's Letter of Expectations

The corporate governance framework is also defined in the Shareholder's Letter of Expectations between the Minister responsible for BC Assessment – currently the Honourable Bill Bennett, Minister of Community and Rural Development – acting as a representative of the Shareholder (the government of B.C.) and the Board Chair. The letter specifies a common understanding between the Shareholder and the Board of Directors on responsibilities, accountabilities, key governance issues, core services, public policy issues, strategic priorities and performance expectations for BC Assessment. For details of the key government directions and BC Assessment responses in 2009, please see **Appendix C**.

Public Accountability and Reporting

Accountability to the Shareholder and the public is demonstrated through the three-year service plan and the annual service plan report, both of which include critical components of the Shareholder's Letter of Expectations and identify our response to the provincial government's direction.

Please see **Appendix A** for links to resources on our governance principles, Board and Executive Management Team membership, and public documents.

Report of the Auditor General of British Columbia

To the Board of Directors of
the British Columbia Assessment Authority, and

To the Minister of Community and Rural Development
Province of British Columbia:

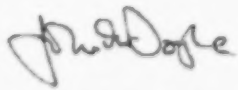
I have been engaged to report whether *The 2009 Annual Service Plan Report* (the annual report) of the British Columbia Assessment Authority (BC Assessment) for the year ended December 31, 2009, fulfills the requirements of the BC Reporting Principles. The eight BC Reporting Principles outline the characteristics of good performance reporting, and were endorsed by the Legislative Assembly's Select Standing Committee on Public Accounts for use by public sector organizations in British Columbia. The principles are detailed in the body of this report. This annual report is the responsibility of BC Assessment. My responsibility is to assess whether this annual report has met the requirements of the BC Reporting Principles.

I conducted my examination in accordance with Canadian standards for assurance engagements and accordingly included such tests and procedures as I considered necessary in the circumstances. The conclusion in my report is based on procedures that I determined to be necessary for the collection of sufficient, appropriate evidence in order to obtain a high, though not absolute, level of assurance as to BC Assessment's achievement of the requirements of the BC Reporting Principles.

Readers are cautioned that, as a transitional approach to providing assurance, I did not test the reliability of the performance information (principle 7) in the annual report, except for that contained in BC Assessment's 2009 financial statements set out on pages 44 to 60. Consequently, I do not offer assurance on the reliability of the information reported except for that presented in BC Assessment's 2009 financial statements, for which I provide a separate audit opinion.

As called for by the BC Reporting Principles, the annual report contains a number of representations from management concerning the appropriateness of the goals, objectives, and targets established by BC Assessment, explanations of the adequacy of planned and actual performance, and expectations for the future. Such representations are the opinions of management and inherently cannot be subject to independent verification. As discussed above, I did not test the reliability of the performance information in the annual report. Therefore, my examination was limited to ensuring the report contains those representations called for by the BC Reporting Principles and that they are consistent with both unaudited performance information and audited financial statements.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I performed a more extensive audit of reliability as referred to in the third paragraph above, this annual report fulfills the requirements of the BC Reporting Principles, in all significant respects. The following appendix contains details supporting my conclusions for each of the BC Reporting Principles, and is an integral part of my opinion.



Victoria, British Columbia
May 18, 2010

John Doyle, MBA, CA
Auditor General

Appendix to the Report of the Auditor General of British Columbia on the 2009 Annual Service Plan Report of the British Columbia Assessment Authority

Detailed observations

Principle 1 – Explain the Public Purpose Served
The report explains BC Assessment's public purpose, enabling legislation, and mission. Core business areas, services, customers, and stakeholders are described, as is the role of partners. The report explains BC Assessment's governance structure and external accountabilities. The report outlines BC Assessment's values that guide its service delivery (guiding principles and premises).

Principle 2 – Link Goals and Results
The report explains the chain of events from mission to goals and strategies through to performance measures. The relevance of these measures is explained in the context of BC Assessment's goals and objectives, and in relation to issues of concern to an external audience (the public and legislators). Performance measurement focuses on outcomes in the short and long term, explaining how short-term achievements impact long-term results. Variances between planned and actual results are explained and related to expectations and plans for the future.

Principle 3 – Focus on the Few Critical Aspects of Performance
The report states why goals, objectives, and the eight performance measures are important to BC Assessment and to an external reader. The performance information provides a clear and concise performance story. Key results are clear and readily apparent.

Principle 4 – Relate Results to Risk and Capacity
The report summarizes key risks and capacity issues in relation to each performance measure, their impact on results, and strategies for dealing with them in the future. Issues related to organization-wide financial, infrastructure, and technology risks and capacity are discussed separately.

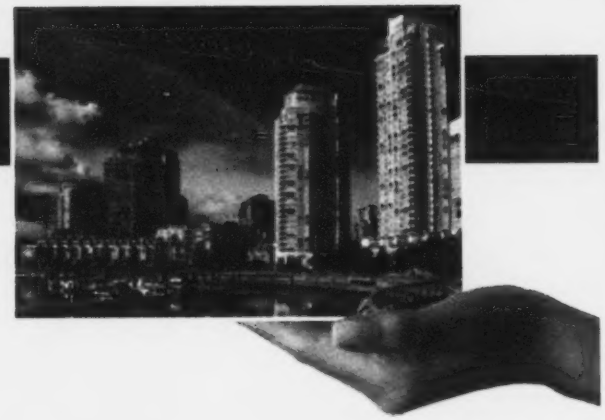
Principle 5 – Link Resources, Strategies and Results
Revenue and expense variances are described as part of management's commentary on the financial statements. Costs are related to key business activities and goals. Planned and actual costs are provided for key revenue and expense items, and trend information is provided for revenues and expenses. A critical measure of efficiency is identified — average cost per property for assessment services — and reported.

Principle 6 – Provide Comparative Information
Actual performance is clearly reported in relation to the service plan. Current performance is related to historic trends, and related to some industry benchmarks. Inconsistencies in trend data are fully explained, and future performance targets are explained in the context of current performance.

Principle 7 – Present Credible Information, Fairly Interpreted
I am not providing assurance that the data supporting the eight performance measures is reliable or accurate, nor am I providing assurance on the effectiveness of BC Assessment's control environment. The report is reasonably concise and specialized terminology has been largely avoided. The report has been issued in accordance with statutory reporting deadlines.

Principle 8 – Disclose the Basis for Key Reporting Judgments
The report provides explanations for how performance measures are derived and the period to which data relates. BC Assessment's Board of Directors' Chair has affirmed their ownership of the report, and responsibility for ensuring the accuracy and timeliness of performance information. The report explains the importance and relevance of goals and objectives, and it discusses how targets are selected.

2009 Report on Performance



The three-year service plan and the Shareholder's Letter of Expectations establish the performance expectations that serve as goalposts for BC Assessment. The 2009–2011 Service Plan Update, published in September 2009, identifies our five goals, the supporting strategies, the performance measures and the tangible results (expressed as targets) that we aim to achieve (see **Figure 2**). Together, the goals, strategies, performance measures and targets represent our plan of action and clearly set out the conditions that define our success.

Changes from the Previous Year

The 2009–2011 Service Plan Update sets out the performance expectations against which BC Assessment is to report. In 2009, we added a fourth core value to the original three values of integrity, transparency and impartiality, pledging to be innovative. We also defined a new vision for BC Assessment: "We are trusted to value B.C."

The goals and strategies in the 2009–2011 Service Plan and the 2009–2011 Service Plan Update did not change from those detailed in the 2008 Annual Service Plan Report. Minor revisions were, however, made to the goals and strategies in preparing the 2010–2012 Service Plan, and these will be reported on in the 2010 Annual Service Plan Report. In 2009, we made modifications to our customer surveys; these changes are explained in the relevant performance measure sections.

Within the 2009–2011 Service Plan Update, BC Assessment was able to input a number of the actual 2009 performance values, and updated the cost per property targets for 2009, 2010 and 2011. These new targets form the basis for reporting on results for 2009.

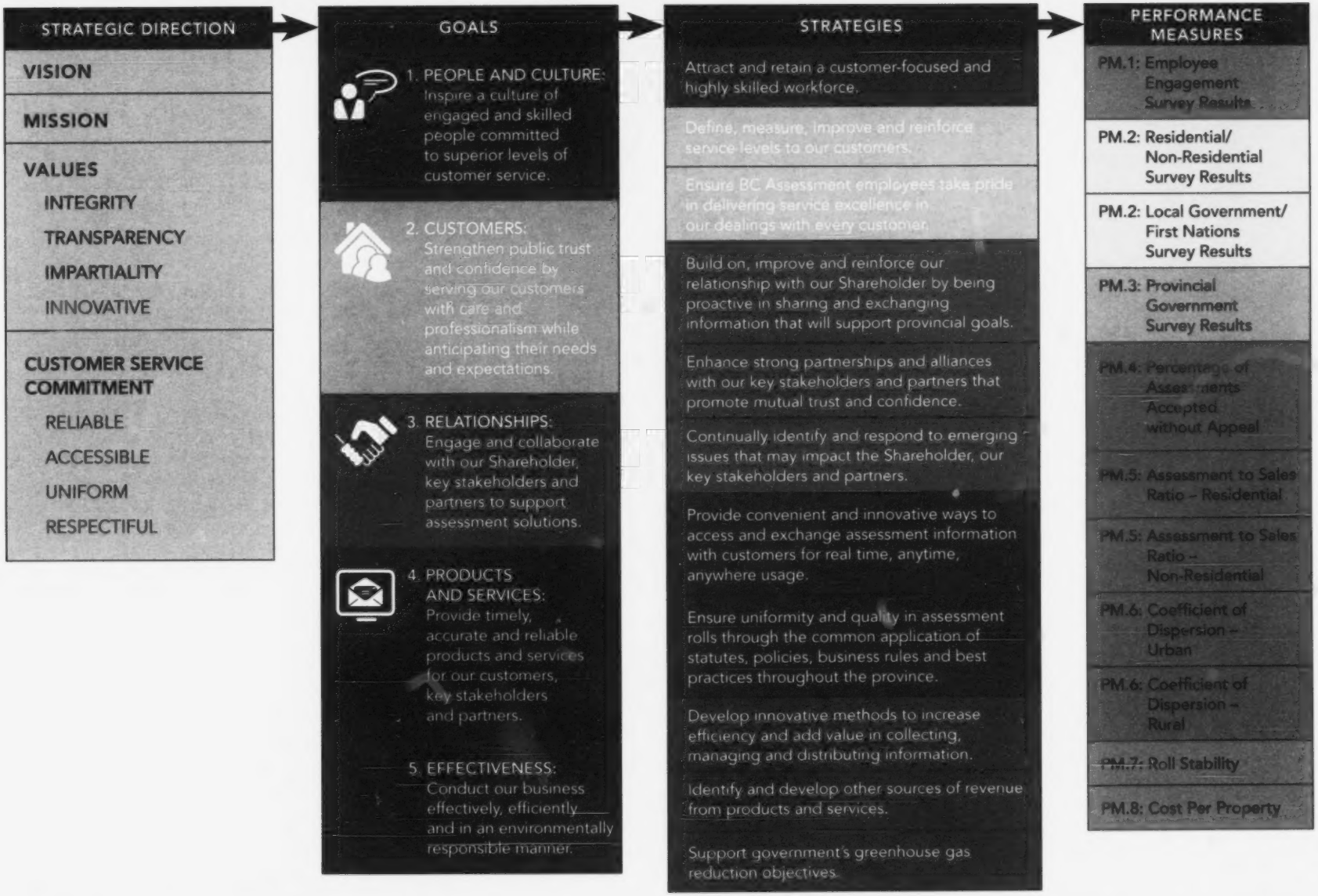
Setting Performance Targets

Our measures provide a scorecard that tells us how we are doing. By using a balanced reporting portfolio, we can see how well we are delivering mandated services and meeting customer needs, and also measure how cost-effectively we are managing the assets and business processes for the long term. Our Board of Directors has chosen the performance measures from numerous indicators that track and guide our overall performance. They extend beyond traditional financial measures of success to consider other outcomes that reflect all five strategic goals.

BC Assessment establishes performance targets to be achieved over a three-year period, in consideration of historical performance, industry standards, desired levels of service and operational constraints. We review these targets annually to ensure that our approach creates a meaningful gauge for evaluating our performance on behalf of our customers, stakeholders and Shareholder. Internal planning processes and management decision-making throughout the year are designed to align resources with the achievement of our corporate performance targets.

While the targets are intended to challenge the organization, we have every expectation that they can be achieved. In some cases, the targets for a future year may be lower than the performance reported for the current year; this may occur either where current performance has been exceptional, or where emerging factors such as resource limitations or shifts in measurement practices require re-evaluation of the expected outcomes and associated targets. These instances are further explored in the discussion of each performance measure.

Figure 2: BC Assessment's Strategic Framework from the 2009–2011 Service Plan Update


STRATEGIC DIRECTION
VISION
MISSION
VALUES
INTEGRITY
TRANSPARENCY
IMPARTIALITY
INNOVATIVE
CUSTOMER SERVICE COMMITMENT
RELIABLE
ACCESSIBLE
UNIFORM
RESPECTIFUL
GOALS
1. PEOPLE AND CULTURE: Inspire a culture of engaged and skilled people committed to superior levels of customer service.
2. CUSTOMERS: Strengthen public trust and confidence by serving our customers with care and professionalism while anticipating their needs and expectations.
3. RELATIONSHIPS: Engage and collaborate with our Shareholder, key stakeholders and partners to support assessment solutions.
4. PRODUCTS AND SERVICES: Provide timely, accurate and reliable products and services for our customers, key stakeholders and partners.
5. EFFECTIVENESS: Conduct our business effectively, efficiently and in an environmentally responsible manner.
STRATEGIES
Attract and retain a customer-focused and highly skilled workforce.
Define, measure, improve and reinforce service levels to our customers.
Ensure BC Assessment employees take pride in delivering service excellence in our dealings with every customer.
Build on, improve and reinforce our relationship with our Shareholder by being proactive in sharing and exchanging information that will support provincial goals.
Enhance strong partnerships and alliances with our key stakeholders and partners that promote mutual trust and confidence.
Continually identify and respond to emerging issues that may impact the Shareholder, our key stakeholders and partners.
Provide convenient and innovative ways to access and exchange assessment information with customers for real time, anytime, anywhere usage.
Ensure uniformity and quality in assessment rolls through the common application of statutes, policies, business rules and best practices throughout the province.
Develop innovative methods to increase efficiency and add value in collecting, managing and distributing information.
Identify and develop other sources of revenue from products and services.
Support government's greenhouse gas reduction objectives.
PERFORMANCE MEASURES
PM.1: Employee Engagement Survey Results
PM.2: Residential/ Non-Residential Survey Results
PM.2: Local Government/ First Nations Survey Results
PM.3: Provincial Government Survey Results
PM.4: Percentage of Assessments Accepted without Appeal
PM.5: Assessment to Sales Ratio – Residential
PM.5: Assessment to Sales Ratio – Non-Residential
PM.6: Coefficient of Dispersion – Urban
PM.6: Coefficient of Dispersion – Rural
PM.7: Roll Stability
PM.8: Cost Per Property

Benchmarking

Benchmarking, a key part of our performance management program, permits comparisons with other assessment jurisdictions that give BC Assessment confidence that the property assessment process in this province provides high-quality, uniform assessments for property owners and taxpayers.

Setting targets and benchmarks is an evolutionary process, and for several years, BC Assessment has been exchanging information with other Canadian assessment jurisdictions (municipal and provincial) to develop a set of performance measures that enables comparison across the range of factors that underpin a successful assessment organization. Making direct comparisons between BC Assessment's performance results and the results of other assessment jurisdictions in public documents is limited to a few select measures at this time, because of differences in jurisdictional service areas, organizational structures, assessment cycles and legal requirements.

The most comparable performance measures between assessment jurisdictions are the assessment to sales ratio (ASR) and the coefficient of dispersion (COD), which relate to roll quality and uniformity. These measures are used by most assessment jurisdictions and, as a result, international standards are in place to gauge performance.

Table 3 reflects the most recent benchmarking information for the 2009 roll year for single-family residential properties.

Benchmarking on an annual basis supports BC Assessment's ability to leverage performance measurement for the development of improved practices. As the program matures, improvements resulting from benchmarking will be found in our appraisal practice and policy development, audit techniques, key performance indicators, customer service and surveys, staff training and development opportunities, competencies for staff and our legislative framework.

Table 3: Benchmarks

PERFORMANCE MEASURE	INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS (IAAO) STANDARDS	BC ASSESSMENT 2008 TARGET (2009 ROLL YEAR)	BC ASSESSMENT 2008 ACTUAL (2009 ROLL YEAR)	AVERAGE RESULT OF CANADIAN JURISDICTIONS PARTICIPATING IN BENCHMARKING STUDY[2]
Assessment to Sales Ratio (Roll Quality)	90-110% for residential properties	>97%	96.8%	99.2%
Coefficient of Dispersion (Uniformity)	<15% for urban properties	<10%	6.6%	n/a
	<20% for rural properties	<15%	8.4%	n/a
	Combined urban and rural	n/a	7.8%	9.3%[3]

[1] *For information on the standards set by the International Association of Assessing Officers (IAAO), please see the link in Appendix A.*

[2] *The number of jurisdictions providing results to be averaged for the ASR score was 13, and for the COD score was 11.*

[3] *Other Canadian jurisdictions combine urban and rural CODs into a single, blended measure. BC Assessment has refined this measure to differentiate between urban and rural properties, but it can also develop a combined measure for comparison purposes with other jurisdictions.*

Data Source Reliability and Limitations

Much of the information used in our performance measures is collected by professional appraisal staff. BC Assessment also relies on outside sources of data, including municipalities, regional districts, real estate boards, the Land Title and Survey Authority of British Columbia and individual property owners. BC Assessment conducts regular and extensive surveys with our customer groups, using third-party commercial survey companies with established professional standards. We undertake periodic reviews to improve the comparability and quality of our performance measures, and in 2009, we implemented a number of projects as part of our audit plan to improve the effectiveness of internal management controls. A priority in 2009 was the continuation of a two-year project to analyze our performance in undertaking sales editing and sales reassessment practices as part of assessment roll development. The objective of the project was to provide assurances that all sales adjustments to arrive at assessed market values for the roll can be verified. The audit has been completed, and the report contains findings and recommendations to provide continuous improvement in residential sales validation practices. BC Assessment's management will be preparing an action plan in 2010 to address recommendations; action plans are monitored by the Board of Directors through regular reporting by our Audit and Performance Management Department.

BC Assessment is guided by the eight BC Reporting Principles endorsed by the Legislative Assembly's Select Standing Committee on Public Accounts that outline the characteristics of good performance reporting by public sector organizations. Data source reliability and limitations are discussed in more detail for each performance measure later in this document.

Strategic Risk Management

BC Assessment is systematically building a risk management strategy to effectively mitigate uncertainties. Over the past year, enterprise-wide risk management processes were enhanced through the following:

- An approved risk management policy
- An evaluation of organizational risk-level maturity
- Standardized risk categories and risk register templates
- Established organization-specific risk impact descriptions
- Incorporation of the strategic risks into our Strategic Plan and Corporate Business Plan.

We will use these tools to improve consistency and objectivity in risk identification and evaluation.

Over the past year, we further increased our capacity to assess and manage risks, expanding our Planning and Risk Management Department and providing enterprise risk management training for participants from all our regions.

The Audit and Performance Management Department continues to provide independent assurance to BC Assessment's Audit and Finance Committee that management has implemented an effective system of internal controls, and the department annually updates the five-year internal audit plan, which is based on a comprehensive risk assessment of the organization.

We are working to integrate risk management with the comprehensive planning and performance management framework introduced in 2009. The framework contains a strategic plan (including our 10-year story; see **Appendix D**) and a multi-year corporate business plan, both of which are linked to the strategic goals and performance measures. We also implemented corporate and regional performance reports and improvement plans to enhance continuous improvement throughout the organization and align employee activities with the corporate goals and strategies.

BC Assessment determines principal strategic risks and opportunities through facilitated sessions with the Board of Directors, the Executive Management Team, managers and staff, and through comparisons with other assessment jurisdictions across Canada. Strategic risks that impact the achievement of each of BC Assessment's goals are explored in the following sections.

Table 4: Summary of Performance Measures, Targets and Results – 2007–2012[1]

	PERFORMANCE MEASURES	2007 ACTUAL	2008 ACTUAL	2009 TARGET	2009 ACTUAL	2010 TARGET	2011 TARGET	2012 TARGET[2]
PM.1:	Employee Engagement Survey Results	n/a	59	62	62	65	68	69
PM.2:	Residential/Non-Residential Survey Results	82.0%	85.7%[3]	≥84.0%	83.9%	≥84.5%	≥85.0%	≥85.0%
PM.2:	Local Government/ First Nations Survey Results	94.2%[3]	n/a[4]	≥95.0%	95.8%	n/a[4]	≥95.0%	n/a[4]
PM.3:	Provincial Government Survey Results	98.0%[3]	n/a[4]	≥95.0%	99.4%	n/a[4]	≥95.0%	n/a[4]
PM.4:	Percentage of Assessments Accepted without Appeal	97.9%	98.4%	≥98.0%	98.5%	≥98.0%	≥98.0%	≥98.0%
PM.5:	Assessment to Sales Ratio (ASR) – Residential	96.8%	96.8%	97-100%	96.9%	97-100%	97-100%	97-100%
PM.5:	Assessment to Sales Ratio (ASR) – Non-Residential	94.2%	94.2%	95-100%	95.4%	95-100%	95-100%	95-100%
PM.6:	Coefficient of Dispersion (COD) – Urban	7.0%	7.5%	<10%	6.5%	<10%	<10%	<10%
PM.6:	Coefficient of Dispersion (COD) – Rural	9.8%	10.9%	<15%	8.2%	<15%	<15%	<15%
PM.7:	Roll Stability	0.38 of 1%	0.29 of 1%	≤0.37 of 1%	0.35 of 1%	≤0.37 of 1%	≤0.37 of 1%	≤0.37 of 1%
PM.8:	Cost Per Property	$37.32	$36.96	$39.45[5]	$39.11	$40.79	$41.51	$42.09

[1] *In our 2008 Annual Service Plan Report, we indicated that we would develop PM.9: Greenhouse Gas Emissions in 2009. Originally intended for inclusion in the 2009 Annual Service Plan Report, work to develop and refine this measure and associated targets continues in 2010 at the date of publication, and we will report on the greenhouse gas (GHG) emissions measure in the 2010 Annual Service Plan Report.*

[2] *Targets for 2012 are from the BC Assessment 2010–2012 Service Plan.*

[3] *The 2008 value for residential/non-residential survey results was previously reported as 82.0%. 2007 results for local government/First Nations and Provincial Government were 95.0% and 97.0%, respectively. For details, please see the highlighted text boxes on pages 24 and 27.*

[4] *Biennial surveys.*

[5] *The 2009 Cost Per Property target in the 2009–2011 Service Plan was $39.41. This target was changed to $39.45 in the 2009–2011 Service Plan Update.*

GOAL 1

PERFORMANCE ON GOAL 1: PEOPLE AND CULTURE

Rationale

BC Assessment understands that the health, well-being and productivity of our people are critical to delivering our mandate, meeting customer expectations, and providing quality products and services. The majority of our resources are deployed to develop and retain skilled employees, and ensure that these individuals are engaged in their work and invested in BC Assessment to create a stable and positive organizational culture.

2009–2011 Strategy

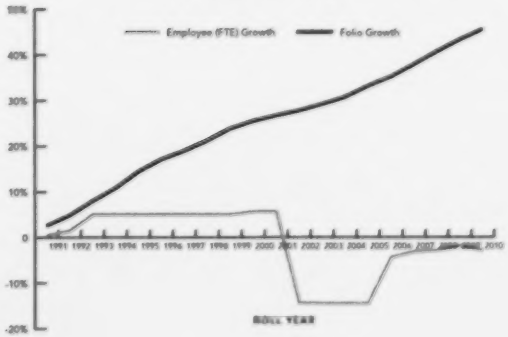
- Attract and retain a customer-focused and highly skilled workforce.

Strategic Risks

BC Assessment continues to face the following strategic risks in relation to our people:

- **Succession/knowledge transfer:** We depend on a range of specialized knowledge-based positions to carry the bulk of our program, and have limited back-up ability to carry the program in the event of retirements, job transfers, medical emergencies, extended vacations and the like.
- **Attraction and retention of qualified staff:** The organization has seen significant turnover of knowledgeable staff as a result of retirements as well as departures to other places of employment.
- **Increased workload:** The number of properties that require assessment services continues to grow, while the staff complement within BC Assessment does not. We are challenged to maintain quality, control stress levels, achieve work-life balance and improve our employee engagement scores within an environment of increasing workload pressures and time constraints.

Figure 3: BC Assessment's Productivity



PERFORMANCE MEASURE							
PERFORMANCE MEASURE	2007 ACTUAL	2008 ACTUAL	2009 TARGET	2009 ACTUAL	2010 TARGET	2011 TARGET	2012 TARGET
PM.1: Employee Engagement Survey Results	n/a	59	62	62	65	68	69

PM.1: Employee Engagement Survey Results

Importance

Employee engagement is the foundation for a workplace that enhances satisfaction and commitment and creates a place where people want to come to work. Engaged employees contribute to higher levels of customer satisfaction, trust and confidence in what an organization does. BC Assessment has been measuring employee satisfaction internally through employee surveys since 2001. The survey results not only tell us what our level of engagement is, but also show us how well we are doing on key drivers such as the work environment, hiring practices, leadership and teamwork. In 2008, the Board adopted employee engagement as a strategic performance measure to be publicly reported, and it was included in our 2009–2011 Service Plan.

Targets

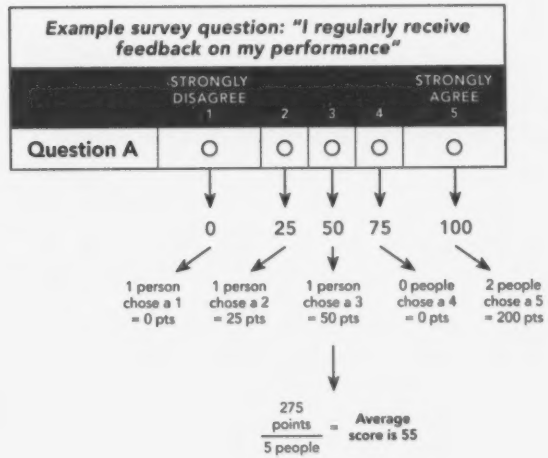
In 2008, we adopted the employee engagement survey tool used by the Province of British Columbia. In 2009, we consulted with an external subject matter expert to provide suggestions for targets appropriate for an organization in the early stages of a dedicated employee engagement initiative. We also conducted an informal comparison of our preliminary performance with that of other public sector organizations in B.C., and established the 2008 engagement score baseline for BC Assessment. Using this information, we have set targets for the next three years.

BC Assessment has set targets that push the organization to achieve annual three-point increases in the employee engagement survey result for the years 2009, 2010 and 2011, and allow for a single point increase from 2011 to 2012 to acknowledge limitations on the likely degree of improvement across the organization once that level is reached.

The employee engagement score represents the combined responses of all BC Assessment employees and relies on a variety of internal and external factors, such as economic stability, organizational change, negotiated union agreements and individual work relationships. A three-point increase for BC Assessment was thought to be a significant achievement in a year of uncertainty and change. Internal shifts in organizational structure, the global recession and associated impacts on the assessment roll production process, and a general environment of fiscal restraint in the BC public sector could all have negatively impacted our engagement score.

The employee engagement survey tool that BC Assessment now uses provides a wealth of data that may be directly compared with the results of the BC Public Service, and some questions are used consistently in other public sector organizations across Canada. In addition, this survey tool is the first that allows us to compare results between different areas of our own organization. The focus in the past year has been on conducting this internal comparison, and on developing and implementing engagement action plans in response to the information from the 2008 survey. While we intended to create benchmarks with external organizations in 2009, BC Assessment is in the early stages of external analysis and will develop direct benchmarks with other comparable organizations in the BC Public Service as our engagement initiative matures.

Figure 4: Example of Process for Calculating Average Score for Survey Questions



Data Sources and Reliability

BC Assessment contracted with BC Stats, part of the Ministry of Labour and Citizens' Services, to act as an independent third party to conduct our employee engagement survey in 2008 and 2009, using the provincial employee engagement survey. The survey gauges employee perceptions on motivation, work capacity and capability, leadership, and alignment with the vision, mission and goals.

The target is an average score (not a percentage) that expresses all responses to a series of survey questions. To calculate average scores, a two-step process is employed. First, the five-point scale is converted to points, as shown in the example in **Figure 3**, and all of the points are added up and divided by the number of people in the group. This calculation gives the average score. The survey is conducted by an independent organization and only those results with a confidence level of 95% or above are reported.

Performance Highlights

In 2009, a total of 90% of employees responded to the survey, improving on the response rate in 2008, when 88% of employees responded. The resulting corporate engagement score of 62 out of 100 is a composite score, based on employee perceptions of the work environment across all work areas in the organization. This three-point increase in the corporate engagement score is a 5% improvement over the 2008 result of 59, and met the target set for 2009.

Of the three scoring categories that are combined (averaged) to arrive at our corporate engagement score, our greatest area of strength is Job Satisfaction, which scored 65 out of 100. Organizational Commitment and Organizational Satisfaction both scored 60 out of 100.

Major Programs and Initiatives

BC Assessment undertook significant activities in 2009 to enhance employee engagement:

- In May 2009, we tried our first BCA Open Line, a one-hour, moderated conference call that allows the participation of all staff across the province, to promote communication between the executive and all levels of BC Assessment. Staff gave very positive feedback, and subsequent BCA Open Line sessions were held in September and December 2009.
- We launched the 2009 Corporate Employee Engagement Plan in early June 2009, and each office developed a local area action plan to implement employee engagement initiatives.
- At the June 2009 Education Seminar, staff created an employee charter that defines the kind of workplace we want at BC Assessment. More than 200 BC Assessment employees reached consensus on the content, look and feel of the charter.
- All members of the Executive Management Team are dedicated to conducting regular office visits to all our regions, providing consistent reinforcement of our long-term vision and promoting two-way communication.

Looking Ahead

Employee engagement remains the top strategic priority in the 2010–2012 Service Plan. Our goal is to continuously improve our workplace in order to make BC Assessment an even better place to work, and to ensure we are an organization whose high levels of performance meet our customers' needs. Employee learning and development is a significant component of our strategy to attract and retain a customer-focused and skilled workforce. We have set a target of 65 for our 2010 employee engagement survey results, and will build on the success of our current initiatives to realize further improvements in this area.

GOAL 2

PERFORMANCE ON GOAL 2: CUSTOMERS

Rationale

BC Assessment's customer service commitment is to be reliable, accessible, uniform and respectful. Living up to our core values and our service commitments is essential to maintaining the trust placed in us by the citizens of British Columbia. BC Assessment's various customer groups have high expectations for products, services and assessment roll quality, and an excellent standard of customer service is critical to our success.

2009–2011 Strategies

- Define, measure, improve and reinforce service levels to our customers.
- Ensure BC Assessment employees take pride in delivering service excellence in our dealings with every customer.

Strategic Risks

BC Assessment faces a variety of strategic risks that impact our ability to meet the customer satisfaction targets:

- Customer diversity: BC Assessment serves a geographically dispersed and diverse set of customer groups, with a variety of needs and expectations. We must balance the requirements for each of these groups and maintain positive and trusting relationships.
- Technological alignment with customers: Within our range of clients, differences in levels of technological capacity can create challenges in disseminating and collecting data. The provision of information may be a simple matter with one customer, but require additional effort and configuration for another, based on their respective level of system compatibility with BC Assessment.
- Consistency in communications: Our main customer service points are the area offices, located in all regions of B.C. It is important that the information and services provided through these offices are consistent across the province, to support our customer service commitments of reliability and uniformity.

PERFORMANCE MEASURES

PERFORMANCE MEASURE	2007 ACTUAL	2008 ACTUAL	2009 TARGET	2009 ACTUAL	2010 TARGET	2011 TARGET	2012 TARGET
PM.2: Residential/Non-Residential Survey Results	82.0%	85.7%	≥84.0%	83.9%	≥84.5%	≥85.0%	≥85.0%
PM.2: Local Government/First Nations Survey Results	94.2%	n/a[1]	≥95.0%	95.8%	n/a[1]	≥95.0%	n/a[1]

[1]*Biennial survey.*

PM.2: Residential/Non-Residential and Local Government/First Nations Survey Results

Importance

We conduct regular surveys to obtain customer feedback and measure our progress toward our targets. We use the feedback to improve products and services.

Targets

We base our targets on past performance, an assessment of customer needs and our proposed improvement strategies. We have typically set targets high to encourage BC

Assessment and our staff to continually seek ways to further improve customer service. The professional survey firm responsible for our customer market research in recent years recommended a target of 80% for residential/non-residential customer satisfaction, based on our past performance in this area and an average statistical result for similar government agencies. BC Assessment's 2008 target for the residential/non-residential measure was 83.5% +/-2.0%. Since customer satisfaction is vital for our organization, the Board of Directors decided to set "stretch" targets for these two customer groups of ≥84.0% satisfaction in 2009, ≥84.5% in 2010, and 85.0% or higher from 2011 onward. Similarly, the target for local government and First Nations customers was changed from 95.0% +/-5.0% to ≥95.0% for 2009 through 2012, to reflect the Board's desire for a precise and ambitious customer satisfaction measure.

Data Sources and Reliability

BC Assessment conducts regular customer surveys with five key client groups (residential, non-residential, local government and First Nations customers, and the Province of British Columbia as our Shareholder) using an independent market research firm. We evaluate the qualifications and experience of the selected firm through a Request for Proposal (RFP) process, and are confident that the services received are reliable. In 2009, BC Assessment completed a new RFP and contracted with a different service provider, but ensured that results were compiled on a consistent basis using the same question set. The survey results were found to be reasonable when compared with historical trends and current market movement.

BC Assessment uses two performance measures aligned to our customer groups: residential/non-residential property owners and local government/First Nations. For ease of presentation, we blend the results into one number for each of the two groupings, but for the purpose of internal performance reporting, we continue to track the performance measures separately for the four individual customer groups. The customer survey program began in 2006 as an annual survey with those groups who receive assessment roll information. In 2008, at the request of the local government and First Nations customer groups, we implemented a biennial survey program to avoid survey fatigue

CHANGES TO CUSTOMER SURVEY METHODS FOR PM.2

For the 2009 surveys, BC Assessment developed a new customer service composite measure to further define customer responses to the organization's services and products and allow us to make specific improvements in any areas of concern. The questions we used for the composite measures address the service commitments we make to our customers, including reliability, accessibility, uniformity and respectfulness. To analyze the feedback from customers who have had contact with BC Assessment in the past year through inspections, inquiries or the appeal process, we used a four-point scale (where 1 is strongly disagree and 4 is strongly agree) in a series of questions in the annual or biennial customer survey. The results reflect a weighted average based on the number of respondents.

This new measure analyzes a composite of 10 questions, rather than reporting on the responses to a single survey question on overall satisfaction. This differs from the customer satisfaction measure used in 2008 and 2007. For the residential/non-residential category, these same 10 questions were used in the 2008 survey, so the 2008 actual has been recalculated for annual comparison (previously reported value: 82.0%, based on a single question). In 2007, the residential/non-residential customer data configuration was such that a recalculated composite value was not available. For local government/First Nations, we made some small changes to two of the 10 questions, but these changes were minimal and the data configuration was similar enough to the configuration in 2007 that we could calculate values reflecting the previous result. PM.2 therefore shows a recalculated 2007 actual (previously reported value: 95.0%) for local government/First Nations customers. For more information on the survey methodology, please use the link to our full customer surveys in Appendix A.

with these customers. The independent market research team administering our customer survey program supported the recommendation from our customers. As a result, a survey was conducted in 2009 with local governments and First Nations, and the next survey will be in 2011.

Performance Highlights

For its residential/non-residential customers, BC Assessment nearly met our challenging target of 84.0%, with a score of 83.9%. This is notable in that this customer group is our largest, and represents a geographically dispersed customer base comprising a wide range of entities with a variety of different concerns and characteristics. BC Assessment staff must be knowledgeable, flexible and attentive in meeting the diverse needs of these customers to realize a score of 83.9% satisfaction.

For the combined local government and First Nations score, we also saw a net increase in satisfaction levels from the previous results. The consistency in our results – 94.2% satisfaction in 2007 and 95.8% in 2009 – would seem to indicate that biennial surveys of local governments and First Nations still provide reassurance that we are maintaining high service levels, while being responsive to their needs.

Major Programs and Initiatives

In 2009, we continued to conduct customer surveys and consult with customer groups to identify what we are doing well and where we can make improvements. We use a "no surprises" approach, which entails consulting with customers and stakeholders, providing easier access to our staff and delivering cost-effective assessment solutions. BC Assessment continued to strengthen customer relationships through a number of consultation forums with a range of property owner representatives, and set up the Taxing Jurisdiction Advisory Committee, both to improve the quality and timeliness of the data we provide and to streamline and enhance data access. We also committed to a review of the current Property Assessment Review Panel process in collaboration with the Ministry of Community and Rural Development, to identify and act on areas of improvement with our customers in the appeal process.

We initiated the development of a unified corporate customer service strategy that aligns resources to better respond to the needs of our four key customer groups (see **Figure 1**), and continued work to identify and create an optimal mix of delivery channels that allows customers to access our products and services through their preferred methods of communication. In addition, we continued to provide customer service excellence training for staff, and invested in our ability to provide map-based information to our customers through the e-value*BC* web-based application. In 2009, we responded to increasing customer demand for phone use by installing a technologically advanced telecom network that enables customers to be seamlessly transferred anywhere in the province to the assessment staff best able to answer their specific inquiry. This system also has service continuity features to maintain customer access if certain offices are temporarily unavailable, and the capability to add video and Internet conferencing features in the future. Our 2009 customer survey results indicated that 87% of survey respondents had accessed our services via the phone – an 18% increase from 2008, which suggests that BC Assessment is aligned with our customers' communication needs.

Looking Ahead

BC Assessment is committed to maintaining our focus on customers' needs, and will undertake a range of initiatives to further enhance customer service:

- Continued investment in customer service training and other initiatives to strengthen our customer-first ethic.
- Investment in new technologies and streamlined business processes will provide customers with more convenient access to products and services, and improve our ability to meet specific customer needs.
- Improvement strategies for all customer segments are under way based on the results of our customer segmentation initiative.

GOAL 3

PERFORMANCE ON GOAL 3: RELATIONSHIPS

Rationale

BC Assessment operates in partnership with the Province of British Columbia as our Shareholder, the Ministry of Community and Rural Development and other agencies to add value to services and to save taxpayer dollars. We sponsor organizations that represent local governments at various levels and work directly with partner organizations to continually improve the assessment system in B.C. The organization is dedicated to building and maintaining positive and trusting relationships, as the quality of these relationships may impact BC Assessment's ability to effectively meet its mandate.

2009–2011 Strategies

- Build on, improve and reinforce our relationship with our Shareholder by being proactive in sharing and exchanging information that will support provincial goals.
- Enhance strong partnerships and alliances with our key stakeholders and partners that promote mutual trust and confidence.
- Continually identify and respond to emerging issues that may impact the Shareholder, our key stakeholders and partners.

Strategic Risk

- Clear and timely communications: To maintain a smooth, trusting and positive relationship with our Shareholder, and to adhere to our "no surprises" approach, BC Assessment must maintain regular two-way communication and be proactive in addressing emerging issues.

PERFORMANCE MEASURE

PERFORMANCE MEASURE	2007 ACTUAL	2008 ACTUAL	2009 TARGET	2009 ACTUAL	2010 TARGET	2011 TARGET	2012 TARGET
PM.3: Provincial Government Survey Results	98.0%	n/a[1]	≥95.0%	99.4%	n/a[1]	≥95.0%	n/a[1]

[1] *Biennial survey.*

PM.3: Provincial Government Survey Results

Importance

The provincial government is BC Assessment's sole Shareholder and depends on our products and services to meet a range of needs. As part of this unique business relationship, we are required to implement the government's assessment policy, follow its strategic direction and provide proactive assessment solutions that support government objectives. Monitoring the quality of our service enables us to identify where we are doing well, and where we need to improve our performance and strengthen this relationship.

Targets

Beginning in 2006, BC Assessment surveys provincial government customers about their satisfaction with available products and

services. We review the feedback, and identify areas where we can make improvements. We base our targets on past performance, an assessment of customer needs and our proposed improvement strategies. We typically set targets high, to focus BC Assessment and its staff on customer service. In our 2009–2011 Service Plan Update, the target for the provincial government survey was set at equal to or greater than 95.0%.

Data Sources and Reliability

BC Assessment conducts a regular customer survey with the Province of British Columbia as our Shareholder, using an independent market research firm. We evaluate the qualifications and experience of the selected firm through a Request for Proposal (RFP) process, and are confident that the services received are reliable.

In 2008, at the request of the provincial government, we implemented a biennial survey program to avoid survey fatigue with our Shareholder. As a result, a survey was conducted in 2009 with the provincial government, and the next survey will be in 2011.

Performance Highlights

The 2009 performance results for Goal 3: Relationships remain extremely positive. For the 2009 survey, the composite score reached a result of 99.4%. Notable in 2009 is the overall increase in information requests from provincial government clients and, specifically, requests for information on policies and legislation. For BC Assessment staff, this translates into increased business activity and a greater strain on staff resources. The 2009 results appear to indicate that BC Assessment staff effectively responded to the challenge.

CHANGES TO CUSTOMER SURVEY METHODS FOR PM.3

The new customer service composite measure for the provincial government follows virtually the same principles and format as those used in PM.2 (local government/First Nations survey results), to define provincial government customer responses to the organization's services and products. This measure gives a more comprehensive indicator of how provincial government clients perceive they were treated and whether they received the product or service requested. As with the PM.2 surveys, small changes were made to two of the 10 questions used to compile the composite result, but these changes were minimal so that we could calculate values reflecting previous years and then compare these values in our performance reporting system. The 2007 actual shows a recalculated result (previously reported value: 95.0%).

Major Programs and Initiatives

In 2008, BC Assessment began implementing the recommendations from the comprehensive Relationship Building Strategy action plan. This work continued throughout 2009, and entailed biweekly meetings of the Assistant Deputy Ministers (ADM Committee) and joint ministry/BC Assessment working group. In addition, BC Assessment's President and CEO met monthly with the Deputy Minister of Community and Rural Development.

BC Assessment ensured that property assessment was implemented successfully for the Tsawwassen First Nation, whose treaty came into effect in April of 2009. BC Assessment is assisting government and the Maa-nulth First Nations toward implementation of property assessment for their treaty, which is expected to come into effect in 2011.

Other projects in support of the relationship strategy in 2009 included maintaining our relationships with the Union of British Columbia Municipalities, the Local Government Management Association and the Government Financial Officers Association of British Columbia. Ongoing efforts include collaboration with the Ministry of Community and Rural Development to develop methods of incorporating input from stakeholder groups such as the Canadian Property Tax Association for issue resolution and policy development.

Looking Ahead

BC Assessment will continue to promote more effective consultation and collaboration with our Shareholder, partners and stakeholders to ensure emerging issues are identified early and actions taken to manage them.

GOAL 4

PERFORMANCE ON GOAL 4: PRODUCTS AND SERVICES

Rationale

Our products and services are designed to meet customer needs and maintain transparency through easily accessible public information on property assessments and the basis for those assessments.

2009–2011 Strategies

- Provide convenient and innovative ways to access and exchange assessment information with customers for real time, anytime, anywhere usage.
- Ensure uniformity and quality in assessment rolls through the common application of statutes, policies, business rules and best practices throughout the province.

Strategic Risks

- **Inventory reassessment:** With over 1.88 million properties on the 2010 Assessment Roll and more being added each year, BC Assessment must find more effective and efficient ways to maintain a timely reassessment schedule for all property types, using a risk-based reassessment model.
- **Limited human resources:** The number of properties that require assessment services continues to grow, while the staff complement within BC Assessment does not. We are challenged to find new and more efficient ways of delivering our products and services within these human resource constraints.
- **Job market competition:** BC Assessment requires employees with specialized knowledge and skills to provide and maintain our high-quality products and services. We are in competition for these skilled employees with private sector companies and must find ways to make BC Assessment an employer of choice for a new generation.

PERFORMANCE MEASURES

PERFORMANCE MEASURE	2007 ACTUAL	2008 ACTUAL	2009 TARGET	2009 ACTUAL	2010 TARGET	2011 TARGET	2012 TARGET
PM.4: Percentage of Assessments Accepted without Appeal	97.9%	98.4%	≥98.0%	98.5%	≥98.0%	≥98.0%	≥98.0%
PM.5: Assessment to Sales Ratio (ASR) – Residential	96.8%	96.8%	97-100%	96.9%	97-100%	97-100%	97-100%
PM.5: Assessment to Sales Ratio (ASR) – Non-Residential	94.2%	94.2%	95-100%	95.4%	95-100%	95-100%	95-100%
PM.6: Coefficient of Dispersion (COD) – Urban	7.0%	7.5%	<10%	6.5%	<10%	<10%	<10%
PM.6: Coefficient of Dispersion (COD) – Rural	9.8%	10.9%	<15%	8.2%	<15%	<15%	<15%

PM.4: Percentage of Assessments Accepted without Appeal

Importance

BC Assessment interprets high acceptance of assessments by residential and non-residential property owners as a validation of the quality, accuracy and acceptance of our work. Property owners who do not agree with the estimate of their property's market value or exemption status, or who believe that their property was improperly classified, can challenge the assessment. If a change or correction is warranted, BC Assessment will recommend changes to a local Property Assessment Review Panel (PARP), a three-member independent panel. Property owners who continue to disagree with the assessment can request an independent review by a PARP. For this reason, an important measure of public acceptance of the annual assessment roll is the number of complaints (appeals) to PARPs. For more information on the appeal process, please see the link in **Appendix A**.

BC Assessment tracks annual statistics to determine the number of residential and non-residential property owners who apply in writing or online for an independent review of their assessment by a PARP (see **Figure 4**). Property Assessment Appeal Board (PAAB) appeal rates are not included in this measure, as these hearings can take a number of years to resolve and may skew the results for the annual performance measure program.

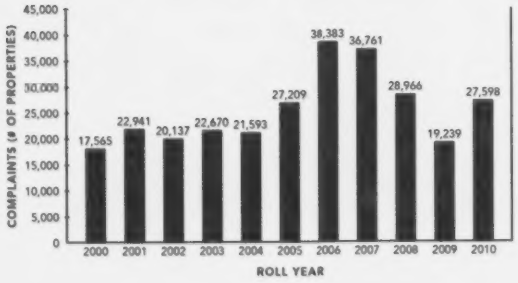
Targets

Targets were chosen that reflect historical trends. For residential property owners, formal complaints (appeals) each year are usually submitted by fewer than 2% of all residential owners. For non-residential property owners, this number is usually below 5%. Consistently high results for this measure indicate that assessed values are accepted by property owners without recourse to appeal, and attest to the quality of the assessment roll. In our internal analysis, 98% represents a good balance between efficiency and accuracy in the assessment process under normal circumstances.

Data Sources and Reliability

Staff receive formal complaints from property owners in January of each year and enter the information into the value*BC* information system. Notices of Hearing are distributed and panel hearings are held in communities throughout the province. Following the hearings and prior to April 7 each year, BC Assessment is required to send Notices of Decision to property owners, indicating what the panel's decision was and whether the complaint was successful or unsuccessful. Data quality is maintained through internal controls, including a review and audit of the complaint data and comparison with historical trends and current market movement to ensure the data's accuracy. While appeal rates have been declining since 2005 (2006 Assessment Roll), rates typically increase in periods of rapid

Figure 5: Number of Appeals to PARPs – 2000 Roll to 2010 Roll



change in market values. In this regard, Bill 45 (*Economic Incentive and Stabilization Statutes Amendment Act*, 2008) had a moderating effect for one year and must be considered as a factor that influenced the appeal rates in 2009.

Integrity of the data is a vital component of any information system. BC Assessment relies on our data not only to carry out our mandate of producing accurate annual property assessments, but also to satisfy many customers' property-related information needs. We could fail in our mandate if we do not continually check and improve our data integrity. The Quality Assurance and Audit and Performance Management departments both regularly audit data. The annual audit plan includes reviews of critical systems and processes that impact on data integrity.

Performance Highlights

Appeals and challenges to the accuracy of assessments produced in 2009 for the 2010 roll numbered 27,598, or 1.47% of all assessments – a higher number than the 19,239 seen for the 2009 roll, but not as high as the 2008 roll level of 28,966. The 2009 (2010 Assessment Roll) target of equal to or greater than 98.0% acceptance for residential and non-residential property owners was achieved, with a result of 98.5% – a significant accomplishment considering the transition from the roll affected by Bill 45 back to a regular assessment cycle. For many property owners, this meant that they saw a significant increase in their assessment, from the 2007 roll value to the market-based 2009 roll value. In a year in which property assessments fluctuate, customer concern and scrutiny of assessments are generally greater. We also witnessed continued growth in the total number of properties to be assessed and overall roll value.

Major Programs and Initiatives

The key to improving property owner acceptance of an assessment is to listen and respond to customer concerns, to improve customer service and access to information about how their assessment was determined, and to provide education and awareness about the assessment system.

BC Assessment meets every year with the Ministry of Community and Rural Development to discuss improvements to the appeal process and ensure that those wishing to appeal their assessments have the information and the opportunity to fully participate. In 2009, BC Assessment worked with the ministry to improve the scheduling and efficiency of the appeal process, ensuring that property owners receive a fair and impartial hearing. Based on feedback and results from the 2009 appeal period, we implemented a number of measures to further improve scheduling in 2010, including the development and implementation of an internal web-based calendar, clarification of language on the Notice of Hearing and other PARP documentation, and a system enhancement that allows BC Assessment staff to make notes on appellant availability. We continue to enhance the functionality of the popular e-value*BC* feature on BC Assessment's website, increasing the convenience and transparency of assessment information for property owners.

Other supporting programs and strategies include:

- **Improved customer access:** We installed a new telecom network in 2009, providing customers with enhanced access to knowledgeable appraisal staff.
- **Uniformity and quality of the assessment rolls:** In 2009, we ran approximately 170 quality assurance reports to assist the field offices in ensuring that data is uniform and reliable.
- **Monitoring market trends:** On an ongoing basis, we analyze and communicate market trends internally to our staff and externally to our customers.
- **Transparent complaint process:** We provide online and other information materials to promote public awareness of the complaint process.

Looking Ahead

To maintain low appeal rates, BC Assessment will promote public awareness of the assessment and complaint/appeal process and improve the transparency of and access to the information on which assessments are based. In this regard, we plan to adopt new technologies and improve the access and convenience of information for our customers, including a complete revamp of our website structure and online services. As we move forward, we will also review the current range of programs and services, to ensure continued improvements in their quality and accuracy.

PM.5: Assessment to Sales Ratio – Residential and Non-Residential

Importance

The Assessment to Sales Ratio (ASR) is a roll quality measure set by the International Association of Assessing Officers (IAAO). The ASR measures how closely assessments mirror a property's actual selling price, or market value.

IMPACT OF BILL 45 ON ASR AND COD CALCULATIONS

In 2008, as a result of the result of the introduction of Bill 45, approximately 80.5% of properties in the province received an assessment using a July 1, 2007 valuation date. As a consequence, the values for these properties were unchanged from the previous year as mandated by Bill 45. This legislated change for the 2009 roll created an incongruity regarding data analysis and roll quality measurement when merging the two roll years. Since two valuation dates could potentially be used for a property, we had to validate the sales data used as part of the assessment calculation and match the valuation date and appropriate sales data for that roll year, to ensure integrity in the roll quality measure with previous years. In summary, the methods we used to develop the ASR and COD were different in 2008 than in previous years. BC Assessment considers that the results for the 2009 Completed Roll can be reasonably compared with performance in other years (see Table 5).

Table 5: Roll Year Comparisons for ASR and COD[1]

PERFORMANCE MEASURES	2008 COMPLETED ROLL	2009 COMPLETED ROLL (NON BILL 45)	2009 COMPLETED ROLL (BILL 45)	2010 COMPLETED ROLL
ASR – Residential	96.8%	96.6%	97.0%	96.9%
ASR – Non-Residential	95.2%	95.4%	95.3%	95.5%
COD – Urban	8.3%	6.6%	7.1%	6.6%
COD – Rural	12.2%	8.9%	12.7%	8.4%

[1] *Identifies performance in relation to the 2008 Completed Roll, the 2009 (non-Bill 45) Completed Roll, the 2009 (Bill 45) Completed Roll, and the 2010 Completed Roll for the ASR and COD performance measures. The ASR and COD results for the four rolls noted above all meet the IAAO standards for these industry measures.*

Targets

BC Assessment measures the ASR for properties according to internationally recognized standards. The IAAO has set the median ASR standard between 90% and 110%. However, BC Assessment has set more precise targets in its 2009–2011 Service Plan Update – between 97% and 100% for the residential assessment roll, and between 95% and 100% for the non-residential assessment roll.

Data Sources and Reliability

The median ASR is one of BC Assessment's two primary roll quality measures. The ASR in this annual report is based on the revised 2010 roll, and the data is generated by our Quality Assurance Department and reported annually in an Assessment Roll Quality Report. The Assessment Roll Quality Report is a detailed statistical analysis of the accuracy and uniformity of the assessment roll.

The ASR is calculated by dividing the actual value (as determined by BC Assessment) of a property that has sold, by its selling price, and expressing the result as a percentage. For example, if a property is assessed with a value of $243,000 and it sold for $250,000, the ASR would be 97.2%. In short, the ASR measures how accurately BC Assessment appraises property at market value. Our statistics reflect all available single-family residential arm's-length sales for the two quarters surrounding our valuation date of July 1 (i.e., April 1, 2009 to September 30, 2009). For non-residential sales, the data is based on sales occurring throughout the year.

The reliability of this roll quality performance measure is dependent on the records provided by the Land Title and Survey Authority of British Columbia (LTSA), the agency responsible for managing, operating and maintaining the province's land title and land survey systems. The LTSA was established in January 2005 under the *Land Title and Survey Authority Act* (2004) as an independent organization and must meet obligations and targets that the provincial government has established for it in legislation and in an operating agreement between the LTSA and the Province of British Columbia.

The LTSA ensures the continued integrity of the province's modified Torrens land title system for registering land titles. The system involves examining and registering applications for land transfers and establishing and releasing charges on titles. The land title registration system provides conclusive evidence of title, and is backed by an assurance fund in the unlikely event of any registration error. The results for this performance measure compare the market value transactions as registered against the actual value as determined by BC Assessment's appraisal staff.

Performance Highlights

For 2009 (2010 Assessment Roll), the 2009 ASR target of 97-100% was not met for the residential property group, but BC Assessment results did fall within the range specified for the non-residential property group. Despite missing our target for the residential measure, the results are within the acceptable roll quality standards set out by the IAAO, and the 2009 value of 96.9% constitutes an improvement over the 2008 result of 96.8%. The non-residential ASR improved significantly, from 94.2% in 2008 to 95.8% in 2009, and met our target of 95-100%.

Major Programs and Initiatives

Key corporate strategies include measuring and ensuring the uniformity and quality of the assessment rolls, and developing best practices and business rules for improved efficiency. BC Assessment's Quality Assurance Department regularly reviews the quality and accuracy of assessment information. Each year, an annual Assessment Roll Quality Report is produced that compares each roll quality measure to international standards. The report is reviewed by staff, the Executive Management Team and the Board of Directors to determine if there are opportunities to improve data quality.

The Audit and Performance Management Department continues to undertake audits in high-priority areas, and to provide further assurance that the organization has established sufficient processes and controls to consistently produce a high-quality assessment roll. As an example of our commitment to a verifiable and uniform assessment roll, we completed a two-year audit project to analyze our performance in undertaking sales editing and potentially inappropriate sales reassessment practices as part of the development of the assessment roll. Sales are the basis of the assessment roll, and this area needs to be well executed and documented to provide auditable assurance of integrity in the performance measures such as ASRs and CODs that support roll quality. For more information, please see the highlighted text box on page 34.

Looking Ahead

High-quality assessments remain the foundation of BC Assessment's mandate. BC Assessment will continue to promote uniformity and quality in the assessment rolls through the common application of statutes, policies, business rules and best practices throughout the province.

PM.6: Coefficient of Dispersion – Urban and Rural

Importance

The Coefficient of Dispersion (COD) measures the quality of assessments by calculating the dispersion, or spread, of all the ASRs around the median ASR. Less dispersion indicates higher-quality assessment information, and is reflected by a lower COD. The COD is a measure of appraisal uniformity. For the 2009–2011 Service Plan, the Board determined that this measure is important in public reporting on roll quality and is complementary to the ASR measures. As a result, the COD became one of our strategic performance measures.

Targets

The target for rural properties is higher than for residential properties in urban areas because rural areas are typically less comparable to each other. The COD standard set by the IAAO for single-family residential properties is under 15% for urban regions and under 20% for rural regions. BC Assessment has set ongoing targets of under 10% and under 15%, respectively. BC Assessment's statistics for the COD are based on all available single-family residential arm's-length sales for the two quarters surrounding our valuation date of July 1 (i.e., April 1, 2009 to September 30, 2009). The dispersion results will be overstated when large swings in property values occur over the six-month period.

Data Sources and Reliability

The COD is the second of BC Assessment's two primary roll quality measures. The IAAO has set standards for each of these statistical measures. The COD in the annual report is based on the revised 2010 roll, and the data is generated by our Quality Assurance Department and reported annually in an Assessment Roll Quality Report.

As with the ASR, the reliability of this roll quality performance measure is founded on the title records from the Land Title and Survey Authority of British Columbia.

BC Assessment measures the COD for properties located in both urban and rural areas, according to internationally recognized standards. To calculate the COD, the differences between each ASR in a group and the median ASR are added together. The average difference is the sum of these numbers divided by the median, and then expressed as a percentage. An example of calculating a COD is provided in **Table 6**.

Performance Highlights

In 2009, BC Assessment achieved an urban COD of 6.5 %, which is substantially below the 2009 (2010 Assessment Roll) target of less than 10%. The 2009 value is a full percentage point improvement over the 2008 result of 7.5%. The COD for rural properties in 2009 was 8.2%, also well below the 15% target limit, and a significant improvement on 2008, when the value was calculated at 10.9%. These values indicate even greater assessment accuracy for the 2010 roll.

Table 6: COD Calculation Example

Using 97.5% as the median	
ASSESSMENT TO SALES RATIO (ASR)	DEVIATION FROM MEDIAN
95.5%	2.0
96.7%	0.8
97.5%	0.0
98.7%	1.2
99.2%	1.7
Total Deviation	5.7
Average Deviation	1.14
COD	=1.14/97.5 or 1.17%

Major Programs and Initiatives

BC Assessment's Quality Assurance Department regularly reviews the quality and accuracy of assessment information. Each year, an annual Assessment Roll Quality Report is produced that compares each roll quality measure against international standards. The Audit and Performance Management Department regularly implements audits in high-priority areas, to provide further assurance that the organization has established sufficient processes and controls to consistently produce a high-quality assessment roll. The audit-related projects identified in the discussion of programs and strategies supporting the ASR targets are equally relevant to achieving the COD targets.

GOAL 4

Looking Ahead

High-quality assessments remain the foundation of what BC Assessment does. BC Assessment will continue to promote uniformity and quality in the assessment rolls through the common application of statutes, policies, business rules and best practices throughout the province. Continued development of the quality assurance and internal audit programs will further enhance roll quality.

INTERNAL AUDIT OF SALES EDITING AND SALES REASSESSMENT

As part of our commitment to the development of a verifiable and uniform assessment roll, BC Assessment recently completed a two-year audit project to analyze our performance in undertaking sales editing and sales reassessment practices. Sales are the basis of the assessment roll, and this area needs to be well executed and documented to provide auditable assurance of integrity in the performance measures, such as ASRs and CODs, that support roll quality.

Real estate transactions are used in developing the assessment roll in the actual value assessment system in which BC Assessment operates. The completeness and accuracy of the ASR and COD measures depend on consistent and rigorous review of property sales by BC Assessment staff. The sales data is reviewed and verified where possible to create a valid population of property sales, which then form the basis for developing the ASR and COD measures. For example, for the 2008 roll year, a total of 57,127 sales were registered with the Land Title and Survey Authority of British Columbia. Through our province-wide business rules program, BC Assessment excluded 19,964 of these transactions because they did not meet the standard for inclusion in the valuation process. A range of situations warrant removing property sales from the population (i.e., property transfer from husband to wife or from estate to executor). In other cases, sales values may need to be adjusted to account for specific factors and variables, to ensure that the assessed value and the actual sales values reflect the same property conditions. If sales editing is not well executed, it can affect the validity of the performance measure.

We must also work to prevent inappropriate sales reassessment by appraisers. For example, a risk that many jurisdictions have found is that the sale of a property can trigger a reappraisal of that particular property, which then typically results in a revised assessment that is much closer to the actual sale value. This type of activity can also affect the validity and usefulness of the ASR and COD performance measures. If sales of such appraisal adjustments are used in a ratio study, the practice causes invalid uniformity results, unless similar unsold properties are reappraised by a method that produces an appraisal level for unsold properties that is equal to the appraised level of sold properties.

In 2008, BC Assessment's Audit and Performance Management Department completed an audit of high-profile industrial, commercial and investment properties, and provided recommendations to strengthen the existing internal control processes and so better manage this risk. In 2009, a similar audit was undertaken to review sales editing and sales reassessment practices and controls related to residential properties. The 2009 audit report contains findings and recommendations for continuous improvement of residential sales validation practices. BC Assessment management will be preparing an action plan in 2010 to address the recommendations. Action plans are monitored by the Board of Directors through regular reporting by our Audit and Performance Management Department.

☑ GOAL 5

PERFORMANCE ON GOAL 5: EFFECTIVENESS

Rationale

BC Assessment is committed to improving effectiveness and adhering to sound environmental practices while providing a stable and reliable assessment roll. Prudent resource management and continuous improvement in the efficiency of our business processes enhance our ability to ensure that the average costs associated with property assessment services do not increase at a rate greater than inflation.

2009–2011 Strategies

- Develop innovative methods to increase efficiency and add value in collecting, managing and distributing information.
- Identify and develop other sources of revenue from products and services.
- Support government's greenhouse gas reduction objectives.

Strategic Risks

- **Project management for multiple initiatives:** BC Assessment is undertaking a number of large-scale, transformative projects. These must be carefully planned, communicated and managed throughout their respective implementation phases, to ensure that we limit impacts to delivering our core products and services.
- **Enterprise-wide quality assurance plan:** BC Assessment needs to define quality for a broader range of business processes in the context of our overall enterprise structure. The quality assurance program has been in place since 2003 and continues to be a critical part of ensuring confidence and trust in the data and processes used to create the roll.
- **Information technology:** Many benefits can be drawn from the use of new technologies, including increased effectiveness and efficiency in business processes. Transitions and upgrades in information technology often require additional financial and human resources, training, and ongoing maintenance and technical support for effective implementation.

PERFORMANCE MEASURES[1]

PERFORMANCE MEASURE	2007 ACTUAL	2008 ACTUAL	2009 TARGET	2009 ACTUAL	2010 TARGET	2011 TARGET	2012 TARGET
PM.7: Roll Stability	0.38 of 1%	0.29 of 1%	≤0.37 of 1%	0.35 of 1%	≤0.37 of 1%	≤0.37 of 1%	≤0.37 of 1%
PM.8: Cost Per Property	$37.32	$36.96	$39.45[2]	$39.11	$40.79	$41.51	$42.09

[1] Supporting government's greenhouse gas reduction objectives remains important for BC Assessment, and we initiated the development of PM.9: Greenhouse Gas Emissions in 2009. Originally intended for inclusion in the 2009 Annual Service Plan Report, work to develop and refine this measure and associated targets continues in 2010 at the date of publication, and we will report on the greenhouse gas (GHG) emissions measure in the 2010 Annual Service Plan Report.

[2] The 2009 Cost Per Property target in the 2009–2011 Service Plan was $39.41. This target was changed to $39.45 in the 2009–2011 Service Plan Update.

PM.7: Roll Stability

Importance

A stable, dependable assessment roll is vital to taxing authorities. In any given year, property status can change and new properties may be created while others are deleted. Just under 30,000 new properties were identified in the rolls in 2009. BC Assessment provides taxing jurisdictions with a complete roll that is used to determine tax rates and apply them to all property owners. Since the taxing jurisdictions use our assessments to provide the tax base that ultimately funds their public services, the performance measure of roll stability is accepted by all taxing jurisdictions as a critical measure of performance for BC Assessment.

Targets

This performance measure examines taxes refunded as a result of a supplementary roll. Senior assessment and quality assurance staff consider past performance and new business processes and quality improvements under way annually when they set targets for future years, and have currently set our target at less than or equal to 0.37 of 1%. Targets are reviewed annually, but the prescribed three-year targets represent our historical roll stability levels.

Data Sources and Reliability

BC Assessment annually measures the stability of the assessment roll by analyzing the number of additions or deletions made to the roll. The objective of this measure is to minimize tax losses to the taxing jurisdictions by creating a stable, dependable assessment roll. This performance measure examines taxes refunded as a result of a supplementary roll, which are changes to the roll after the official close of the annual assessment roll. Supplementary changes are made to correct property information or to account for revised property values resulting from PARP or PAAB decisions. It may take up to 10 years to resolve individual cases. Although value changes to the roll can be negative or positive, only the refunds are considered in this measure, because refunds reduce the amount of money that municipalities have available to them.

The measure considers 19 months of information for one year in arrears. For example, the 2009 target year measures roll stability for the 2008 Assessment Roll by examining taxes refunded owing to supplementary rolls issued between May 1, 2008 and December 31, 2009.

Performance Highlights

BC Assessment met the 2009 target (2008 roll) of less than or equal to 0.37 of 1%, with refunds amounting to 0.35 of 1% of general-purpose tax revenues. This percentage is greater than the 0.29 of 1% refunded for the 2007 roll, but is still within our target range.

Major Programs and Initiatives

The programs and strategies that contribute to roll stability encompass the process of assessment, the collection of data, the management of information and even the distribution of information. Each year, a range of projects are undertaken to improve the overall quality of the roll, which in turn contributes to roll stability. Improvement projects are also undertaken each year for specific customer segments. BC Assessment property data is being structured to facilitate self-service for key performance indicators (KPIs) and to provide value-added services through a basic tool kit. Processes such as the production of the annual assessment roll are being further automated, and data accessibility was enhanced in 2009 through the continued development of a data warehouse. Audits within the quality assurance and internal audit programs are used to ensure sound business processes and a high level of data quality.

Looking Ahead

BC Assessment will continue to strengthen its working relationships with taxing authorities through the Taxing Jurisdiction Advisory Committee, representing our local government customers, to ensure prompt identification of and action on issues that affect roll stability. Continued development of the quality assurance and internal audit programs will further enhance roll quality.

PM.8: Cost Per Property

Importance

This performance measure reflects BC Assessment's commitment to keeping assessment service costs for property owners as low as possible while continuing to meet growing service demands in an increasingly complex business environment. BC Assessment relies on property tax levies for the largest part of its revenues, so efficiency and cost-effectiveness are required to minimize any potential increases to levies.

Targets

The targets for 2010 to 2012 are based on service plan forecasts, which take into consideration projected new construction and development as well as assumptions regarding changes in revenues and expenditures. The targets reflect a commitment by the Board of Directors to limit increases in the cost per property to the rate of inflation each year, reinforcing our commitment to increasing efficiencies within BC Assessment.

Data Sources and Reliability

The cost per property for assessment services funded from tax levies has been calculated by taking total expenditures for the year (less revenues that are not categorized as "tax levies," "payments in lieu of taxes" or "First Nations revenue"), and dividing this total by the number of properties for the revised roll produced in the following year.

BC Assessment maintains appropriate internal controls and reports regularly to the Audit and Finance Committee and Board of Directors, and quarterly to the Office of the Comptroller General. We are subject to an annual external audit of our financial statements, currently performed by the Office of the Auditor General. These controls ensure data quality and reliability.

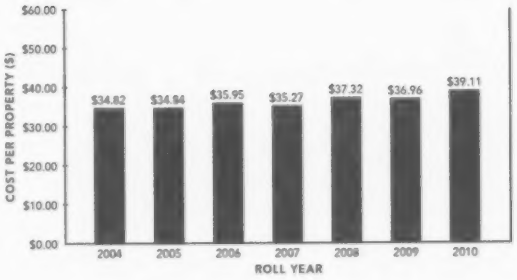
The number of properties used in calculating this measure is drawn primarily from the title records of the Land Title and Survey Authority of British Columbia (LTSA). Information on LTSA data reliability is described under PM.5 on page 32. In addition, BC Assessment undertakes its own data quality assurance reviews of all incoming data feeds, such as the property information from the LTSA, prior to entry into our value*BC* system.

Performance Highlights

BC Assessment met its cost per property target for 2009, coming in below our target of $39.45 with an average actual cost per property of $39.11 (see **Figure 6**). This variance from target resulted primarily from lower expenditures in 2009 compared with the budget. Details on our financial performance for 2009 are outlined in the Management's Discussion and Analysis section starting on page 39.

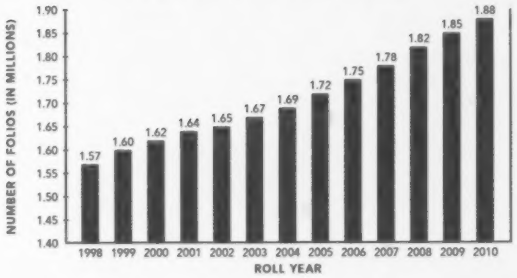
BC Assessment has maintained a reasonably consistent cost per property over the past few years, despite significant new construction and development that has increased the number of properties requiring assessment services. Market movement requires significant staff time

Figure 6: Cost Per Property – 2004 Roll to 2010 Roll



to appraise, value and analyze the additional properties on the assessment roll. Over the past decade, the number of properties in the province has increased an average of 1.5% per year (see **Figure 7**). The 2009 increase equated to adding a community approximately the size of Prince George or Victoria to the assessment base. The property value per employee has also risen markedly, from just under $600 million per employee in 2000, to almost $1.5 billion per employee in 2009. These figures are an indicator of the significant increases in work volume with fewer staff resources. Overall, business processes and supporting systems have improved, and have allowed BC Assessment to manage this growing portfolio with little change in our staff complement.

Figure 7: Number of Folios in the Assessment Roll – 1998 Roll to 2010 Roll



- **Integrated corporate business planning and budgeting processes:** In 2009, BC Assessment introduced a new integrated planning and budgeting process, allocating financial and human resources to core work and projects, and balancing priorities across the organization. This process has allowed BC Assessment to clearly demonstrate how and where we use our resources to meet our mandate, as well as respond to direction from the provincial government and our Board of Directors.

Major Programs and Initiatives

BC Assessment is committed to its goal of fiscal responsibility. Maintaining the cost of assessment services is supported by the corporate strategy of developing innovative methods to increase efficiency. Key Initiatives undertaken in 2009 included:

- **Finance/human resources/payroll system:** BC Assessment has completed the RFP and selection of a vendor for a new finance/ human resources/payroll system, which will create enhanced efficiencies in business processes and opportunities for improved performance management. In early 2010, we will define the requirements for this system, and it is scheduled for deployment in January 2011.

Looking Ahead

BC Assessment is committed to limiting increases in the average cost per property for assessment services funded from property tax levies to no more than the rate of inflation. Volatility in the real estate market will continue to challenge the organization in meeting this commitment. In response, we will maintain the current programs aimed at providing efficiencies; the programs include working in specialized appraisal teams, ensuring the consistency of valuation policies, and developing best practices and business rules. We will improve performance by making investments in technology and tools to gain efficiencies, and by exploring partnership opportunities with other organizations (e.g., local governments) to cost-share on key initiatives critical to achieving our objectives.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BC Assessment establishes and maintains independent and uniform property assessments on an annual basis for all property owners in the Province of British Columbia. Taxing jurisdictions use the property assessments in creating their tax rolls. BC Assessment's primary source of revenue is from a tax levy placed on each taxable property. This tax levy is a component of the property taxes paid by property owners to the taxing jurisdictions, which in turn remit the tax levy to BC Assessment. Other revenue sources include revenue from data access services, payments in lieu of taxes, contracts with First Nations, other contract revenue and investment revenue.

The following discussion and analysis should be read in conjunction with BC Assessment's audited financial statements and related notes for the fiscal year ended December 31, 2009.

Summary of Financial Results for 2005–2009 and Financial Plan for 2010–2012

Table 7 summarizes BC Assessment's financial results for the fiscal years 2005–2009 and the financial plan for the next three years as set out in BC Assessment's 2010–2012 Service Plan. The table also compares the 2009 actual results with the 2008 actual results and the 2009 budget.

Table 7: Summary of Financial Results for 2005–2009 and Financial Plan for 2010–2012

Statement of Operations (in $000's)	2005 ACTUAL	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 ACTUAL	2009 BUDGET	VARIANCE OF 2009 ACTUAL FROM 2009 BUDGET	COMPARISON OF 2009 ACTUAL TO 2008 ACTUAL	2010 PLAN	2011 PLAN	2012 PLAN
REVENUE:											
Tax levies	62,589	64,085	65,372	69,151	72,845	72,881	(36)	3,694	75,809	77,852	80,951
Other	8,525	6,972	5,585	5,292	5,085	5,037	48	(207)	5,060	5,150	5,037
Grant from the Province	-	2,343	-	-	-	-	-	-	-	-	-
Investment	404	752	904	775	152	750	(598)	(623)	170	500	800
Gain on disposal of capital assets	-	31	34	26	109	-	109	83	-	-	-
	71,518	74,183	71,895	75,244	78,191	78,668	(477)	2,947	81,039	83,502	86,788
EXPENSES:											
Salaries and benefits	46,414	49,315	49,333	49,425	51,211	51,083	128	1,786	52,287	53,343	55,198
Professional and special services	8,940	6,997	6,954	6,410	7,552	7,715	(163)	1,142	6,736	7,460	7,566
Office premises	4,537	4,569	4,613	5,083	5,461	5,849	(388)	378	7,579	6,427	6,688
Office	4,200	4,168	4,577	4,659	5,328	5,315	13	669	5,831	6,494	6,795
Travel	1,587	1,635	1,574	1,510	1,231	1,600	(369)	(279)	1,357	1,378	1,393
Appeal costs	1,885	2,010	2,721	2,890	2,537	2,900	(363)	(353)	2,750	2,900	2,987
Bad debts	32	1	28	5	-	-	-	(5)	-	-	-
Interest	87	111	125	80	20	80	(60)	(60)	39	90	132
Amortization	3,000	3,069	3,351	3,361	3,991	4,126	(135)	630	4,460	5,410	6,029
	70,682	71,875	73,276	73,423	77,331	78,668	(1,337)	3,908	81,039	83,502	86,788
Net Income (Loss)	836	2,308	(1,381)	1,821	860	-	860	(961)	-	-	-

Table 7: Summary of Financial Results for 2005–2009 and Financial Plan for 2010–2012 (cont.)

Equity Balances, end of year (in $000's)	2005 ACTUAL	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 ACTUAL	2009 BUDGET	VARIANCE OF 2009 ACTUAL FROM 2009 BUDGET	COMPARISON OF 2009 ACTUAL TO 2008 ACTUAL	2010 PLAN	2011 PLAN	2012 PLAN
Equity in capital assets	13,562	13,248	12,773	14,423	13,311	13,959	(648)	(1,112)	16,394	16,496	15,568
Equity from operations – appropriated	3,500	3,880	4,450	5,950	10,000	5,323	4,677	4,050	6,000	7,000	8,000
Equity from operations – unappropriated	6,444	8,686	7,210	5,881	3,803	6,972	(3,169)	(2,078)	4,567	3,465	3,393
	23,506	25,814	24,433	26,254	27,114	26,254	860	860	26,961	26,961	26,961

Capital Expenditures (in $000's)	2005 ACTUAL	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 ACTUAL	2009 BUDGET	VARIANCE OF 2009 ACTUAL FROM 2009 BUDGET	COMPARISON OF 2009 ACTUAL TO 2008 ACTUAL	2010 PLAN	2011 PLAN	2012 PLAN
	4,848	2,755	2,876	5,040	2,998	3,662	(664)	(2,042)	7,557	5,512	5,101

Comparison of 2009 Actual Results and 2008 Actual Results

A net income of $0.86 million was reported for 2009 compared with a net income of $1.82 million in 2008.

The total revenue for 2009 was $2.9 million higher than the revenue for 2008. Also, the tax levy revenue increased by $3.7 million over the 2008 tax levy revenue, of which $2.1 million was raised by way of a 2.7% tax levy increase and $1.6 million through new levy revenue collected from growth in the number of new properties (folios) added to the assessment roll. A total of 26,660 folios, equivalent to a city the size of Victoria or Prince George, were added to the assessment roll in 2009. The increase in tax levies was partially offset by a net decrease in other sources of revenue, the most significant being a $0.6 million decrease in investment income resulting from the global decline in interest rates.

The operating expenses for 2009 were $3.9 million higher than the 2008 operating expenses, which was consistent with the expectations for 2009. The most significant changes in 2009 were in the following areas:

- Salaries and benefits were $1.8 million or 3.6% higher in 2009. In 2008, BC Assessment was unable to staff up to planned levels because of continued high turnover combined with a tight labour market for skilled staff, particularly in the information technology area. This situation resulted

in an under-expenditure of $0.9 million in 2008, which was fully utilized in 2009. The remainder of the increase is primarily due to negotiated increases.

- Professional and special services expenses were $1.1 million higher in 2009. The most significant changes in 2009 were in the following areas:
  - Staff development and training was $209,000 higher. The increased investment in leadership and appraisal training will continue to be required owing to the following changes in workforce demographic trends:
    - Significant turnover (8-10%) in the past few years, and the potential for large numbers of highly skilled appraisal staff to retire in the next few years
    - A need for unique training and leadership development programs that use a multi-year "apprenticeship" model for appraisal staff
    - A requirement for a mixture of new job skills, especially in the information technology area
    - A workforce in which almost 35% of employees have less than three years' experience in the organization.
  - Consulting fees were $786,000 higher, to support core operations and corporate initiatives on customer service, employee engagement and information technology.
  - Costs for external information technology services retained for printing, computer processing, data storage, server hosting and other services were $173,000 higher, to support increased capacity and data storage requirements.
- Office premises costs were $378,000 higher in 2009, mainly as a result of some overlap of costs relating to the Kelowna office, a full year's rent for the Vancouver Sea to Sky Regional office, which was relocated in 2008, and higher lease renewal rates for several other offices.
- General office expenses were $669,000 higher in 2009, primarily because of an increased investment in geospatial information to improve the efficiency of reassessment practices, new costs related to the conversion to the new corporate telecom network and inflationary increases in software maintenance costs, partially offset by decreases in other general office expenses.
- Travel expenses were $279,000 lower in 2009 as a result of increased use of online meeting technology and lower overall travel.
- Appeal costs requisitioned by the province to cover the operating costs of the Property Assessment Review Panels and the Property Assessment Appeal Board were $353,000 lower in 2009. Appeals and challenges to the accuracy of assessments were down substantially in 2009, resulting in an appeal rate of 1.04% of the total properties assessed. The downward trend in appeal rates comes as a result of significant efforts by BC Assessment to be more proactive in customer communications and to provide easier access to assessment information. In addition, the appeal rates for 2009 were further reduced by the stabilizing effect of Bill 45.
- Amortization was $630,000 higher in 2009. The increase in amortization relates to 2009 capital additions and a higher level of amortization carried forward from previous years in 2009 than would have been carried forward in 2008.

Expenditures for capital assets were $2.0 million lower in 2009 than the 2008 expenditures. A higher level of capital investment was required in 2008 to support technology enhancements (the replacement of all desktops, laptops and associated software) and the relocation of the Vancouver Sea to Sky and Kelowna Regional offices (furniture, equipment and leasehold improvement costs). A lower level of investment was planned for 2009.

Comparison of 2009 Actual Results and 2009 Budget

Net income for the 2009 fiscal year was $0.86 million compared with a break-even budget.

Total revenues were $477,000 lower than were budgeted, mainly because of a $598,000 unexpected decrease in interest income resulting from the global decline in interest rates.

Total operating expenses were $1.3 million lower than the budget, mainly because of the following items:

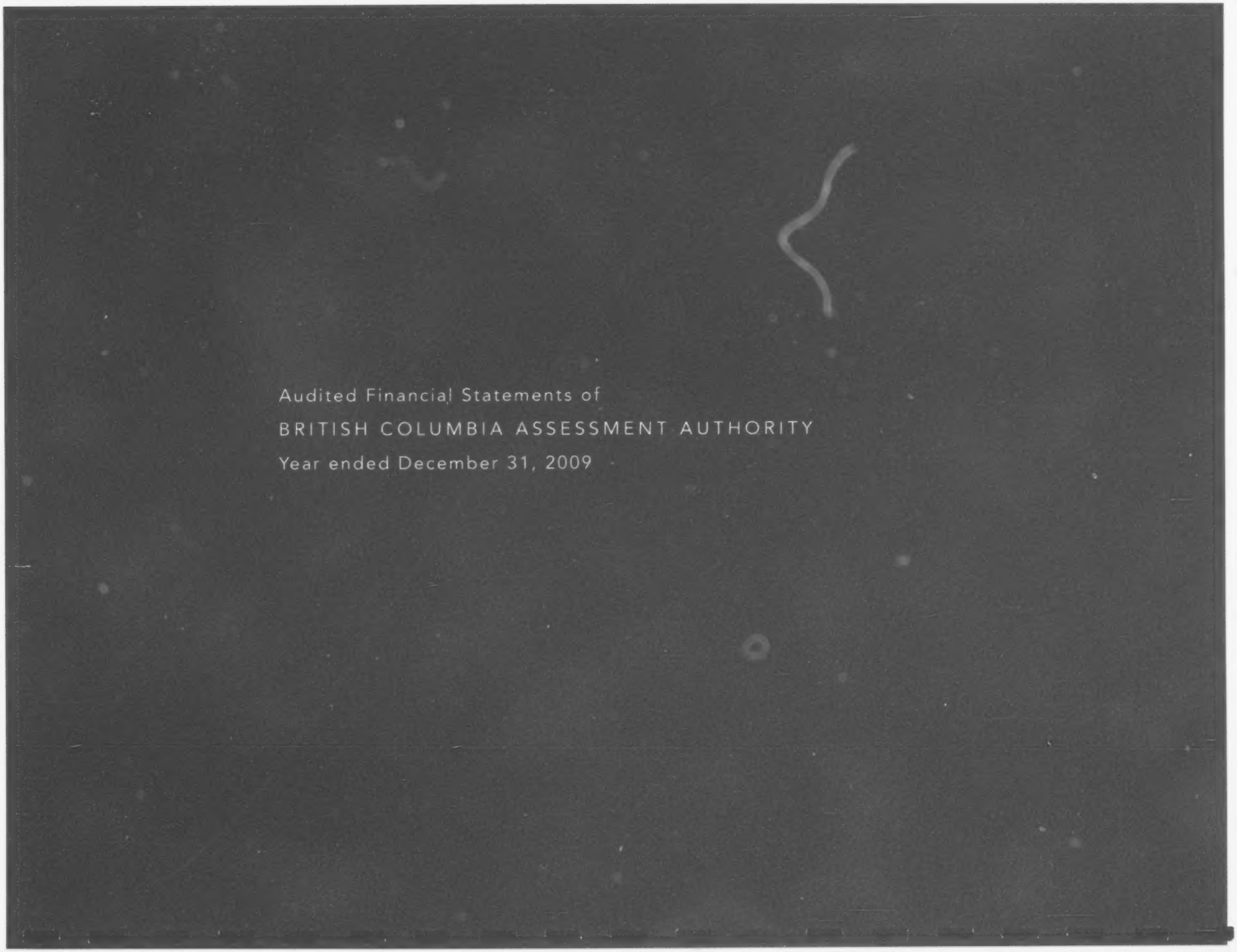
- Professional and special services costs were $163,000 lower than planned in a number of areas, including legal services, recruitment programs, advertising, publications and promotion, labour relations and external information technology services.
- Office premises expenses were $388,000 lower than planned, mainly because of the avoidance of an interim Head Office move originally scheduled in 2009 and a contingency for repairs and maintenance that was not required.
- Travel costs were $369,000 lower than planned because of less overall travel as a result of lower-than-expected market activity and appeal activity, and the increased use of conference calls and virtual meeting technology.
- Interest costs were $60,000 lower than planned as a result of lower-than-expected borrowing rates.
- Amortization was $135,000 lower than planned because of lower-than-budgeted capital expenditures for the year.
- Assessment appeal costs were $363,000 lower as a result of lower-than-planned recoveries by the Ministry of Community and Rural Development.

The above decreases were partially offset by higher-than-planned salaries and benefits costs ($128,000 or 0.03%) and general office expenses ($13,000).

Expenditures for capital assets were $581,000 lower than planned, mainly because of the deferral of several information technology initiatives from 2009 to 2010, partially offset by higher-than-planned capital costs relating to the implementation of the new corporate telecom network and the acquisition of furniture and equipment to support the relocation of the Nanaimo office.

2010–2012 Financial Plan Assumptions

1. Tax levy revenue includes estimated new revenue from new construction and development.
2. Other revenue includes revenue from contracts with First Nations, payments in lieu of taxes, revenue from data access services and other miscellaneous revenue.
3. Expenditures include estimated inflationary impacts and funding for planned corporate initiatives.
4. BC Assessment is required by legislation to cover the operating costs of the Property Assessment Review Panels (PARPs) and the Property Assessment Appeal Board (PAAB). The PARPs and the PAAB are administered by the Ministry of Community and Rural Development and are independent of BC Assessment.
5. BC Assessment's capital expenditures are higher than average in 2010 due to investment in the new finance/human resources/payroll system and Head Office leasehold improvements. Capital expenditures for 2011 and 2012 revert to levels that correspond to our regular maintenance and replacement cycle for assets.
6. BC Assessment's Board of Directors has established that funding for significant non-recurring expenditures will be provided from accumulated equity from operations. In addition to amounts appropriated to fund significant non-recurring expenditures, since 2005 the Board has appropriated $1 million each year for future assessment system replacement. Appropriated amounts have been classified as a component of equity.
7. BC Assessment does not have any long-term debt for the planning period. The organization borrows funds to finance operating and capital expenditures during the first half of each fiscal year and repays the accumulated debt from the proceeds of property assessment tax levy revenues collected from taxing jurisdictions at the end of July. The Minister of Finance acts as BC Assessment's fiscal agent.
8. The financial plan has been prepared in accordance with current Canadian generally accepted accounting principles. BC Assessment will follow Public Sector Accounting Board (PSAB) standards commencing January 1, 2011.



Audited Financial Statements of

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Year ended December 31, 2009

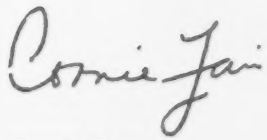
BRITISH COLUMBIA ASSESSMENT AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of the British Columbia Assessment Authority ("BC Assessment") for the year ended December 31, 2009 have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in the notes to financial statements.

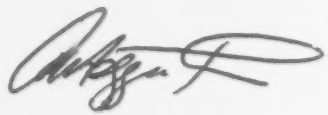
Management is responsible for the preparation of the financial statements and has established a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board, with and without the presence of management.

The Auditor General of British Columbia, the external auditor of BC Assessment, has performed an independent audit of the financial statements of BC Assessment in accordance with generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of BC Assessment.



Connie Fair
PRESIDENT AND
CHIEF EXECUTIVE OFFICER



Andy Hoggarth
VICE PRESIDENT AND
EXECUTIVE FINANCIAL OFFICER

Victoria, British Columbia
March 30, 2010

Report of the Auditor General of British Columbia

To the Board of Directors of
the British Columbia Assessment Authority, and

To the Minister of Community and Rural Development
Province of British Columbia:

I have audited the balance sheet of the *British Columbia Assessment Authority* as at December 31, 2009, and the statements of operations, equity and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Assessment Authority* as at December 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
March 30, 2010

John Doyle, MBA, CA
Auditor General

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Balance Sheet
(in $000s)
December 31

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	**25,979**	23,608
Accounts receivable	**1,458**	1,552
Prepaid expenses	**671**	653
	28,108	25,813
Capital assets (note 3):		
Property, plant and equipment	**6,635**	6,493
Intangible assets	**6,676**	7,930
	13,311	14,423
	41,419	40,236
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	**10,772**	9,797
Current portion of long-term liabilities	**309**	295
	11,081	10,092
Long-term liabilities (note 4):		
Employees' past and future benefits	**2,223**	2,398
Lease inducements	**1,001**	1,125
Other	**-**	367
	3,224	3,890
Equity		
Equity in capital assets	**13,311**	14,423
Equity from operations - appropriated	**10,000**	5,950
Equity from operations - unappropriated	**3,803**	5,881
	27,114	26,254
	41,419	40,236

Commitments (note 7)

The accompanying notes are an integral part of these financial statements.

On behalf of the Board

Director

Director

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Operations
(in $000s)
Year ended December 31

	2009	2008
Revenues:		
Tax levies	**72,845**	69,151
Other (note 8)	**5,085**	5,292
Investment	**152**	775
Gain on disposal of capital assets	**109**	26
	78,191	75,244
Expenses:		
Salaries and benefits	**51,211**	49,425
Professional and special services	**7,552**	6,410
Office premises	**5,461**	5,083
Office	**5,328**	4,659
Travel	**1,231**	1,510
Appeal costs (note 9)	**2,537**	2,890
Bad debts	**-**	5
Interest (note 10)	**20**	80
Amortization	**3,991**	3,361
	77,331	73,423
Net income	**860**	1,821

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Equity
(in $000s)
Year ended December 31

	Capital assets	Appropriated (note 11)	Unappropriated	**2009**	2008
Equity, beginning of year	14,423	5,950	5,881	**26,254**	24,433
Net income (loss) for the year	(3,882)	-	4,742	**860**	1,821
Transfers to capital assets	2,770	-	(2,770)	**-**	-
Transfer during year	-	4,050	(4,050)	**-**	-
Equity, end of the year	13,311	10,000	3,803	**27,114**	26,254

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Cash Flows
(in $000s)
Year ended December 31

	2009	2008
Cash provided by (used in):		
Operations:		
Net income for the year *	860	1,821
Items not involving cash:		
Amortization	3,991	3,361
Gain on disposal of capital assets	(109)	(26)
(Decrease) increase in employees' past and future benefits	(161)	168
(Decrease) increase in lease inducements	(124)	1,234
(Decrease) increase in other long-term liabilities	(367)	367
Changes in non-cash operating working capital (note 12)	1,051	(167)
	5,141	6,758
Investing:		
Acquisition of capital assets	(2,998)	(5,040)
Proceeds on disposal of capital assets	228	55
	(2,770)	(4,985)
Increase in cash	2,371	1,773
Cash and cash equivalents, beginning of year	23,608	21,835
Cash and cash equivalents, end of year (note 12)	25,979	23,608

* Includes interest paid of $3,406 (2008: $80,428)

The accompanying notes are an integral part of these financial statements.

Nature of Business

The British Columbia Assessment Authority ("BC Assessment") was established in 1974 as an independent Crown corporation by the Province of British Columbia by enactment of the *Assessment Authority Act*. The purpose of BC Assessment is to establish and maintain assessments that are uniform in the whole of the province in accordance with the *Assessment Act*.

1. Significant accounting policies:

The financial statements of BC Assessment have been prepared by management in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of these financial statements.

(a) Future Accounting Framework – Public Sector Accounting Standards:

The Public Sector Accounting Board (PSAB) sets out the applicable source of Generally Accepted Accounting Principles to be applied by Canadian government organizations.

PSAB's guidance applicable to BC Assessment offers a choice between International Financial Reporting Standards and PSAB standards. BC Assessment will follow PSAB standards commencing 1 January 2011.

(b) Change in accounting policies:

In February 2008 the CICA issued section 3064 *Goodwill and Intangible Assets* which provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. The standard is effective for fiscal years beginning on or after October 1, 2008, and requires retroactive application to prior period financial statements. BC Assessment has reflected this change by identifying intangible assets as a separate component of capital assets.

(c) Financial instruments:

The CICA requires that all financial instruments be classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. BC Assessment has designated its financial instruments as follows:

Cash and cash equivalents include deposits in banks and short-term money market instruments. They are classified as held-for-trading and measured at fair value and all gains and losses are included in the Statement of Operations in the period in which they occur. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable,

1. **Significant accounting policies (continued):**

willing parties under no compulsion to act. BC Assessment invests funds with the British Columbia Investment Management Corporation and has funds in two pooled investment portfolios: Fund ST1 - Canadian money market investments maturing within one month and ST2 – Canadian money market investments maturing within 15 months.

Accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities and other long-term liabilities are classified as other financial liabilities and are also measured at amortized cost. The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term maturity of these financial instruments.

(d) Capital assets:

Capital assets are carried at cost less accumulated amortization (refer to note 3). Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of the asset. The annual rates used to compute amortization on a straight-line basis are as follows:

Property, plant and equipment	Rate
Buildings	5%
Furniture and equipment, including computer equipment	20-33%
Motor vehicles	20%
Leasehold improvements	Over the term of the lease

Intangible assets	Rate
Assessment system software *	10%
Other software	33-100%

* Customization and additions to assessment system software are amortized over the estimated remaining useful life of the system.

(e) Lease inducements:

Lease inducements include cash payments, reduced rent and rent free periods. The lease inducement benefits are amortized on a straight-line basis over the occupancy period.

1. Significant accounting policies (continued):

(f) Revenues:

Revenues are recorded on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues.

Tax levies: BC Assessment, by by-law and subject to the prior approval of the Lieutenant Governor in Council, each year imposes and levies a tax upon all taxable real property in the province, but excluding property that is taxable for school purposes only by special Act. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province and to the Surveyor of Taxes in order that the taxes so levied will be placed on the tax rolls. The proceeds of the taxes so levied and collected by the municipalities or the Minister of Finance constitutes BC Assessment's tax levies revenue.

Other revenue: Other revenue includes revenue from data access services, payments in lieu of taxes, contracts with First Nations, and other miscellaneous revenue (refer to note 8).

Investment: Investment revenue includes interest on deposits in banks, earnings generated by short- term investments and changes in fair value during the year.

(g) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and commitments at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Items requiring the use of significant estimates include employees' future benefits, various other expenditure accruals and the commitments summarized in note 7. Actual results could differ from these estimates.

2. Financial instruments:

BC Assessment is exposed to various risks related to its financial assets and liabilities. These risks are managed on an on-going basis and it is management's opinion that the corporation is not exposed to significant market, credit or liquidity risk arising from these instruments.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will affect BC Assessment's income or the value of its financial instruments.

2. Financial instruments (continued):

Foreign currency risk - BC Assessment's exposure to currency risk is related only to the value of foreign exchange transactions in the normal course of operations. BC Assessment manages foreign currency risk by minimizing the amount of transactions in foreign funds. Foreign currency transactions valued in Canadian dollars totaled $535,686 in 2009 (2008: $438,743).

Interest rate and other price risk - BC Assessment is exposed to interest rate and other price risk through its investment in short-term Canadian money market investments through the British Columbia Investment Management Corporation and through borrowing of money through the Provincial Government. Investments have a short-term maturity. Loans are at a variable rate of interest and are also short-term.

The effect of a 1% increase in the interest rate will impact BC Assessment's investment revenue by approximately $200,000 and interest expense by approximately $24,000 per annum.

The corporation does not engage in trading or other speculative activities with respect to derivative financial instruments.

Credit risk

BC Assessment is exposed to credit risk on accounts receivable due to inability of customers to pay for products and services as well as the potential failure of property owners to pay property taxes to taxing jurisdictions and the Province. BC Assessment relies on taxing jurisdictions and the Province to collect taxes and remit tax levies to BC Assessment and the corporation monitors and manages the collection of receivables from other customers. At December 31, 2009, accounts receivable totaled $1,458,000 (2008: $1,552,000). These figures are reported net of an allowance for doubtful accounts of $66,198 (2008: $66,198). The doubtful amounts are mainly due to tax levies not remitted to BC Assessment by municipalities as a result of property owners' failure to pay their property taxes.

Liquidity risk

Liquidity risk is the risk that the corporation will not be able to meet its financial obligations as they fall due or will not be able to meet them at a reasonable cost. BC Assessment manages liquidity risk primarily by monitoring actual to forecast cash flows and by maintaining the ability to borrow funds through the Province.

3. Capital assets:

(in $000s)	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Property, plant and equipment				
Land	354	-	**354**	354
Buildings	2,519	1,596	**923**	1,049
Furniture and equipment, including computer equipment	17,904	15,084	**2,820**	2,237
Motor vehicles	2,201	1,596	**605**	597
Leasehold improvements	2,670	737	**1,933**	2,256
	25,648	19,013	**6,635**	6,493
Intangible assets *				
Assessment system software	12,864	6,466	**6,398**	7,650
Other software	769	491	**278**	280
	13,633	6,957	**6,676**	7,930
	39,281	25,970	**13,311**	14,423

* Intangible assets subject to amortization that were acquired during the year totaled $338,114 (2008: $451,991) and intangible assets developed during the year totaled $102,008 (2008: $637,155). The aggregate amortization recorded for intangible assets in 2009 was $1,694,456 (2008:$1,521,884).

4. Long-term liabilities:

Employees' past and future benefits:

Employees' past benefits:

At the time of the formation of the British Columbia Assessment Authority, BC Assessment negotiated an agreement with those designated employees whose previous working agreements contained clauses that called for payment of certain benefits upon death, retirement or termination of employment. The benefits under the agreement are recognized as a long-term liability, with an amount equal to payments due within the immediate twelve months following the statement date segregated and recognized as a current liability. Adjustments to the liability resulting from changes in salary rates are charged to the current year. Payments of benefits are treated as a reduction of the liability.

4. Long-term liabilities (continued):

Employees' future benefits:

Outside of the Public Service Pension Plan, BC Assessment annually accrues the future obligation under the defined retirement benefit plan as the employees render the services necessary to earn the benefit. Management, using an estimate of salary escalation and expected retirement ages, calculates the cost of the defined retirement benefit. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Assessment.

			2009	2008
(in $000s)	Total liability	Current portion	**Net liability**	Net liability
Employees' past benefits	11	-	**11**	10
Employees' future benefits	2,393	181	**2,212**	2,388
	2,404	181	**2,223**	2,398
Lease inducements	1,129	128	**1,001**	1,125
Other	-	-	**-**	367
	3,533	309	**3,224**	3,890

5. Employee benefits plan:

BC Assessment and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2008) determined the Plan had a surplus. Despite the surplus, the Public Service Pension Board of Trustees was required to implement a contribution rate increase of 0.15% each, for plan members and employers to meet the funding requirements of the *Pension Benefits Standards Act*. The increase in rates went into effect April 1, 2009.

Contributions to the Plan by BC Assessment for 2009 were $3,661,615 (2008: $3,365,515).

6. Management of capital:

BC Assessment defines capital as equity (assets minus liabilities). BC Assessment manages its capital structure in accordance with its long-term view of investments in property, plant and equipment (refer to note 11) and the anticipated impacts to operations caused by changes in economic conditions necessary to meet its legislative mandate. There has been no change to BC Assessment's approach to capital management during the period. BC Assessment is currently meeting all of its financial commitments. BC Assessment has no externally imposed capital requirements.

BC Assessment has received direction from the Ministry of Finance to forecast and achieve a balanced budget throughout the fiscal planning period 2009 to 2011. Treasury Board approval is required for BC Assessment to forecast any future deficit.

7. Commitments:

BC Assessment is committed to make payments under operating leases and contracts as follows:

(in $000s)	Premises leases	Other contracts
2010	6,736	3,261
2011	6,319	1,931
2012	5,751	1,821
2013	4,904	1,729
2014	4,583	1,596
2015 - 2025	30,147	58
	58,440	10,396

8. Other revenue:

(in $000s)	2009	2008
Data access services	**3,498**	3,751
Payments in lieu of taxes	**832**	836
First Nations contract revenue	**571**	452
Other	**184**	253
	5,085	5,292

9. Appeal costs:

BC Assessment is required to reimburse the Province of British Columbia for the operating costs of the Property Assessment Review Panel and the Property Assessment Appeal Board.

10. Financing:

Under subsection 20(5) of the *Assessment Authority Act*, BC Assessment may, "until receipt of the proceeds of the taxes...borrow an amount not exceeding the proceeds of the taxes...and the loan must be repaid from the proceeds of the taxes".

The maximum borrowings by BC Assessment during 2009 were $18,300,088 (2008: $18,077,953).

11. Equity from operations - appropriated:

The Board of Directors has established that funding for significant non-recurring expenditures will be provided from accumulated equity from operations. The appropriated amount of $10,000,000 (2008: $5,950,000) consists of $5 million for future assessment system replacement and an amount of $5 million for capital acquisitions planned for 2010.

12. Supplemental cash flow information:

(a) Major components of cash and cash equivalents are as follows:

(in $000s)	2009		2008	
	Cost	**Fair value**	Cost	Fair value
Cash	**599**	**599**	235	235
Short-term investments	**25,400**	**25,380**	23,331	23,373
Cash and cash equivalents, end of year	**25,999**	**25,979**	23,566	23,608

(b) Changes in non-cash working capital:

(in $000s)	**2009**	2008
Current assets:		
Accounts receivable	**94**	(240)
Prepaid expenses	**(18)**	155
Current liabilities:		
Accounts payable and accrued liabilities	**975**	(82)
	1,051	(167)

13. Related party transactions:

BC Assessment is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations and all public sector organizations such as school districts, colleges, universities and health authorities that are included in the provincial government reporting entity. In addition, transactions with senior management, directors, immediate family members of senior management and directors and companies with which any of the above have a financial interest are also considered related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. Related party transactions (continued):

The Statement of Operations includes the following transactions with related parties of the Province of British Columbia:

(in $000s)	2009	2008
Other revenue	48	47
Payments for:		
Appeal costs	2,537	2,890
Salaries and benefits	606	689
Office	672	493
Professional and special services	667	567
Interest	4	67
Office premises	131	41
Travel	65	64

Assets (liabilities) at December 31 with related parties were:

(in $000s)	2009	2008
Accounts receivable	29	29
Accounts payable	(655)	(906)

BC Assessment contracted with the Province for the acquisition of certain property, plant and equipment in the amount of $311,041 (2008: $262,897) and disposal of surplus property, plant and equipment with net proceeds of $21,471 (2008: $30,152).

14. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

Appendix A: Links to Resources

Assessment Appeal Processes and Timelines:
www.cd.gov.bc.ca/parp/ or
www.assessmentappeal.bc.ca/

BC Assessment Board of Directors:
www.bcassessment.ca/about/board.asp

BC Assessment Carbon Neutral Action Report:
www.livesmartbc.ca/attachments/carbon_neutral_action_reports/BC_Assessment_Authority.pdf

BC Assessment Executive Management Team:
www.bcassessment.ca/about/executive.asp

BC Assessment Governance Practices:
www.bcassessment.ca/about/board-documents/Board_Governance%20v8-%20October%202009.pdf

BC Assessment 2008 Annual Service Plan Report:
www.bcassessment.ca/pdf/publications/reports/2008_BCA_Annual_Report.pdf

BC Assessment 2009–2011 Service Plan:
www.bcassessment.ca/pdf/publications/reports/2009_2011_Service_Plan.pdf

BC Assessment 2009–2011 Service Plan Update:
www.bcassessment.ca/pdf/publications/reports/09-116%20BCA%20Service%20Plan%202009-2011%20Revised.pdf

BC Assessment's History:
www.bcassessment.bc.ca/about/history.asp

BC Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations:
www.fin.gov.bc.ca/brdo/governance/

Details on the Taxing Jurisdiction Advisory Committee:
www.bcassessment.ca/TJAC.asp.

Full 2009 Customer Survey Results:
www.bcassessment.bc.ca/surveys.asp.

International Association of Assessing Officers Standard on Ratio Studies:
www.iaao.org/uploads/Standard_on_Ratio_Studies.pdf

Performance Reporting Principles for the British Columbia Public Sector:
www.llbc.leg.bc.ca/public/PubDocs/bcdocs/368657/Reporting_Principles_Nov2003.pdf

2009 Shareholder's Letter of Expectations:
www.bcassessment.ca/pdf/about/2009Shareholders_letter_of_expectations.pdf

Appendix B: Corporate Organizational and Governance Structure Diagrams

ORGANIZATIONAL STRUCTURE

Field Operations

- Provide front-line customer service for assessment roll inquiries.
- Create the annual assessment roll (core product).

Support Divisions

- Provide support to the products, services, and Office of the President and CEO within BC Assessment.
- Ensure that BC Assessment staff have the appropriate tools, training, information and resources to carry out the corporation's core work in support of its legal mandate and strategic goals.

- Administered by two separate field divisions with combined responsibility for 10 assessment regions across B.C.
- Currently responsible for approximately 1.88 million folios with an assessed value of $969 billion.

Human Resources

- Provides the tools to hire, train and compensate staff, ensure their safety, resolve workplace issues and promote human resource best practices.

Business and Customer Services

- Delivers assessment rolls and notices.
- Develops business relationships.
- Manages evolution of business systems.
- Manages Information and Communications Technology (ICT) infrastructure operations.
- Develops and supports software applications and database and management information reporting services.

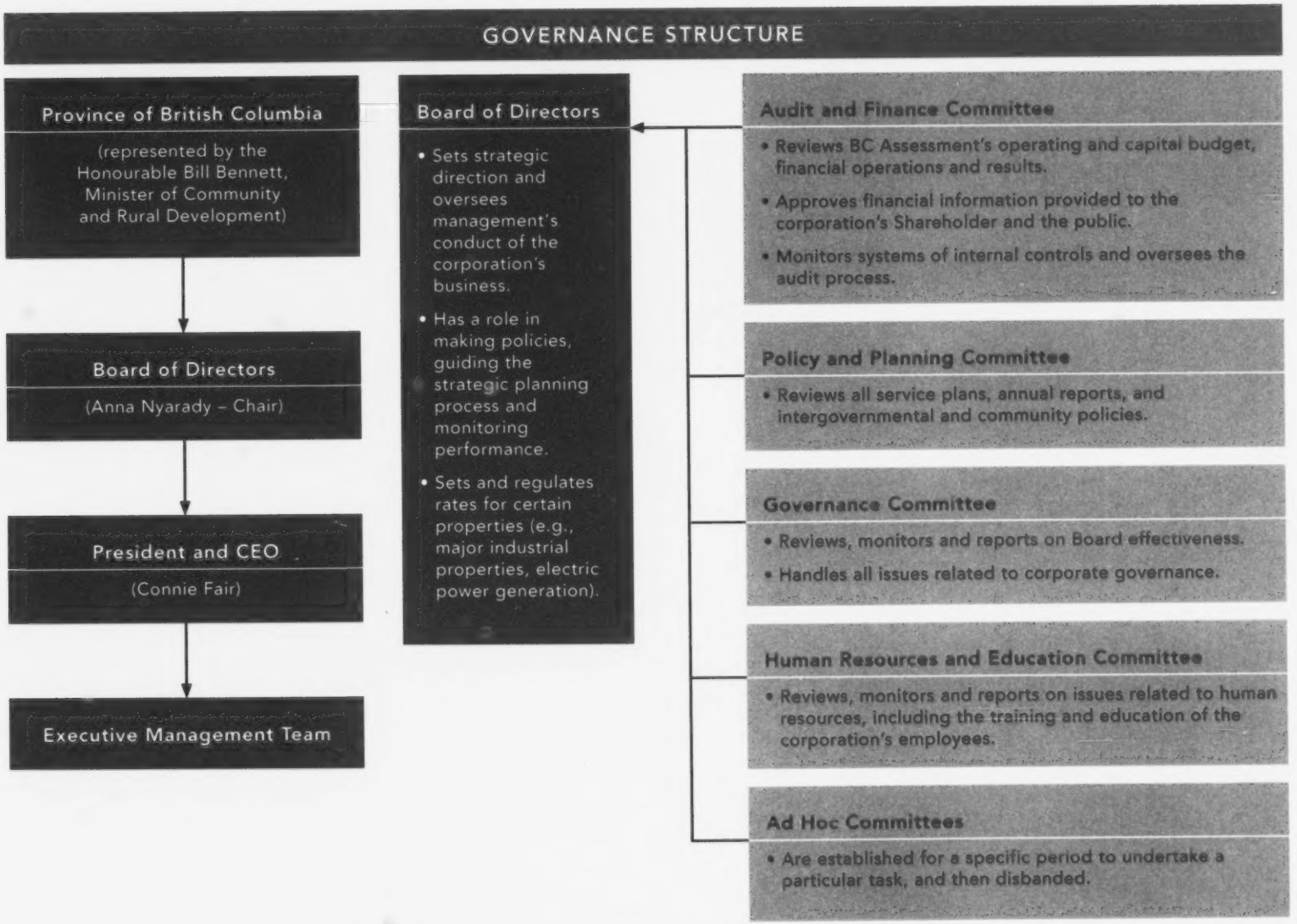
Policy and Legal Services

- Serves as first point of contact for field staff seeking assistance on assessment or valuation issues.
- Provides legal analysis and opinions, policy support and intergovernmental relations.
- Leads quality assurance and business process improvements.

Finance

- Provides financial services to BC Assessment.
- Provides internal audit and performance measurement services.
- Leads and supports risk management, corporate strategic planning and annual business planning.
- Undertakes facilities planning and management.
- Leads the climate action initiative.

Appendix B: Corporate Organizational and Governance Structure Diagrams


GOVERNANCE STRUCTURE
Province of British Columbia
(represented by the Honourable Bill Bennett, Minister of Community and Rural Development)
Board of Directors
(Anna Nyarady – Chair)
President and CEO
(Connie Fair)
Executive Management Team
Board of Directors
• Sets strategic direction and oversees management's conduct of the corporation's business.
• Has a role in making policies, guiding the strategic planning process and monitoring performance.
• Sets and regulates rates for certain properties (e.g., major industrial properties, electric power generation).
Audit and Finance Committee
• Reviews BC Assessment's operating and capital budget, financial operations and results.
• Approves financial information provided to the corporation's Shareholder and the public.
• Monitors systems of internal controls and oversees the audit process.
Policy and Planning Committee
• Reviews all service plans, annual reports, and intergovernmental and community policies.
Governance Committee
• Reviews, monitors and reports on Board effectiveness.
• Handles all issues related to corporate governance.
Human Resources and Education Committee
• Reviews, monitors and reports on issues related to human resources, including the training and education of the corporation's employees.
Ad Hoc Committees
• Are established for a specific period to undertake a particular task, and then disbanded.

Appendix C: Progress against the 2009 Shareholder's Letter of Expectations

STRATEGIC GOAL	SHAREHOLDER'S LETTER OF EXPECTATIONS – KEY GOVERNMENT DIRECTIONS	BC ASSESSMENT – KEY ACTIONS
1. People and Culture	Inspire a culture of engaged and skilled people committed to superior levels of customer service. This includes ensuring a supply of qualified employees, developing an engaged workforce with consistently high levels of performance, and establishing a learning culture.	Established performance measurement targets for employee engagement in the 2009-2011 Service Plan. Implementation of 2009 Corporate Employee Engagement Plan.
2. Customers	Continue to enhance the customer service focus of the property assessment system, focusing on streamlining and simplifying the process for taxpayers. The Corporation will focus on taxpayer fairness and equity to ensure timely and meaningful customer service takes place on all issues.	Implemented a number of customer service projects in 2009: customer segmentation strategy, customer relationship management system (unified customer database and tracking service delivery), Service Excellence staff training modules.
3. Relationships	Build on and improve relationships with key external and internal stakeholders and partners, including the Ministries of Finance and Community Development, to proactively identify emerging assessment policy and methodology issues and work collaboratively to find solutions.	Implemented recommendations, as appropriate, of the 2008 "No Surprises" report (provincial partners), focusing on Ministry of Finance and the Ministry of Community and Rural Development. Participated in ongoing relationship building initiatives between BCA and the Union of British Columbia Municipalities, Local Government Management Association, and Government Financial Officers' Association of British Columbia.
	Continue to participate in the review of the farm classification process and regulations to ensure the property assessment system is fair, equitable and supports the British Columbia agriculture plan and a healthy future for British Columbia Families. In addition, implement the interim recommendations of the Farm Assessment Review Panel for the 2009 assessment year.	Implemented 2008 interim panel recommendations for the 2009 roll, and continued to support the Ministry of Community and Rural Development in reviewing and implementing the recommendations of the Farm Assessment Review Panel as required.
	Continue to work with the ministry to improve Property Assessment Review Panel operations through business process improvements and operating efficiencies. The ministry will lead this.	BC Assessment provides ongoing support to this Ministry-led program.

Appendix C: Progress against the 2009 Shareholder's Letter of Expectations

STRATEGIC GOAL	SHAREHOLDER'S LETTER OF EXPECTATIONS – KEY GOVERNMENT DIRECTIONS	BC ASSESSMENT – KEY ACTIONS
	Work closely with the ministry on 2009 legislative and regulatory initiatives and future projects as required by the Minister.	Carried out work as required to support government tax and assessment policy developments requiring legislative or regulatory change. Issues under consideration include: development lands, hotel valuation, clarifying exemptions for Health Authorities and Universities, and transition out of Bill 45.
4. Products and Services	Ensure property assessment services provided by the Corporation throughout the province are fair, equitable and uniform, while providing timely, accurate and reliable products and services for customers, stakeholders and partners.	Various provincial Council of Tenure Associations (COTA) recommendations, namely, Property Owner Homes, Farm Assessment Review Panel (FARP) recommendations, Residential Valuation Coordination
5. Effectiveness	Continue to report out to the Shareholder on the progress and development of a performance measurement system to benchmark the Corporation's operations against those of other North American assessment jurisdictions. These measurements should include benchmarks that measure service quality to taxpayers.	Updated the Corporate Performance Measures Report containing 125 performance indicators twice per year. Updated Key Assessment Performance ratios daily during the peak roll production period. Annual Canadian Property Assessment Benchmarking Network Annual Benchmarking Study has been completed. Daily benchmarking activity with other Canadian Assessment jurisdictions is undertaken through a web-based electronic forum. In 2009, 19 member organizations across Canada participated in the Benchmarking forum.
	Conduct the Corporation's business in an effective, efficient and environmentally responsible manner. This includes the development of a multi-year information Resource Management Plan that will enable the Corporation to achieve its new vision and also support the development of applications to efficiently manage increased levels of existing and alternative non tax-levy based sources of revenue.	STAGE 1 – 2009: Conducted an inventory of the products and services being provided by BC Assessment to all third parties. Analysis to be conducted to ensure maximum opportunity for revenue flow. STAGE 2 – late 2009/early 2010: Began conducting market research and developing new products and services to meet the needs of existing and potential customers. Other projects such as Customer Relationship Management (CRM) and the customer segmentation plan assist in

Appendix C: Progress against the 2009 Shareholder's Letter of Expectations

STRATEGIC GOAL	SHAREHOLDER'S LETTER OF EXPECTATIONS – KEY GOVERNMENT DIRECTIONS	BC ASSESSMENT – KEY ACTIONS
	Comply with the Shareholder's requirements to make the public sector carbon neutral by 2010, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations.	The first phase of the climate action plan to improve energy efficiency in BCA premises through lighting retrofits and electronic HVAC controls has been completed and the planning for phase 2, scheduled for 2010, has been completed. During 2009, BC Assessment doubled its fleet of hybrid vehicles and implemented a policy that requires 100% of paper purchases (all sizes and colours) to be 100% post-consumer recycled, if available. The green teams in each office have been active in the promotion of climate action initiatives through education of employees and participation in local community events. A presentation of BC Assessment's climate action initiative is provided at all employee orientation sessions and at the semi-annual employee education conference. The employee intranet has a section devoted to the climate action events and programs. A detailed accounting of activities carried out by BC Assessment in its goal to become carbon neutral can be found in our annual Carbon Neutral Action Plan Report (See link in Appendix A). We are committed to meeting the Province's Carbon Neutral Program Emissions guidelines for Crown Corporations from vehicle fleet fuel combustion, building heating and cooling, building electricity use, and paper consumption. The Board of Directors will be setting its short-term carbon dioxide emission targets during 2010 and will continue to invest in carbon reduction strategies and carbon credits/offsets to become carbon neutral.

Appendix D: BC Assessment's 10-Year Story

BC Assessment evaluates the internal and external trends and challenges for the organization, and incorporates them into the strategic direction and long-term operational vision outlined in our strategic plan. As explored in the BC Assessment 2010 Strategic Plan, the 10-year story and the BC Assessment vision portray what success looks like to BC Assessment, and provide the ideal toward which we should all strive.

The corporate business plan then demonstrates how these directions will be put into action over the next few years. What will our customers see? What will our staff see?

IMAGINE NON-RESIDENTIAL MARKET AND NON-MARKET CUSTOMERS...

- Getting assessment information early in order to develop timely budgets.
- Collaborating with BCA to determine best practices for assessments of specialized properties.

IMAGINE TAXING AUTHORITIES...

- Accessing live data on Assessment Link*BC*.
- Getting online non-market change reports.
- Receiving assessment information early to eliminate surprises.
- Receiving all assessment information electronically.
- Exchanging property information electronically with BC Assessment in a seamless and integrated manner.

IMAGINE RESIDENTIAL CUSTOMERS...

- Getting instant, year-round Internet access to assessment information that includes maps and photos.
- Receiving their assessment notice electronically.
- Having more options to contact an assessment expert about their property.
- Accessing a full inventory of their property online.
- Creating their own comparable sales report.
- Scheduling their own property assessment appeal online.

Appendix D: BC Assessment's 10-Year Story

IMAGINE COMMERCIAL DATA SALES/RELATIONSHIPS...

- Creating profitable revenue streams for BC Assessment as a wholesaler of core assessment data.
- Forming strategic partnerships to create revenue streams for BC Assessment.
- Cost-sharing mutually beneficial information.
- Receiving all assessment information electronically.
- Exchanging data of assessment-related information.

IMAGINE OUR STAFF...

- Working in a more team-based organization in which individually empowered staff collaborate and generate innovative business solutions.
- With much more technological expertise and specialized skills.
- With more time to develop relationships and resolve significant outstanding assessment issues with customer groups and partners.
- Appraising and updating data from "virtual" desktops using:
  - Street-view photos
  - Satellite images
  - Aerial photos
  - Digital maps
  - Land titles information, building permits and plans.
- Inspecting by exception after risk-based analysis.

There is no doubt that BC Assessment is entering an exciting phase of business transformation. There is also no doubt that we will continue to succeed, because we've always met all our challenges head-on. Our foundation is solid: we will continue as a well-run Crown corporation producing a reliable annual assessment roll using market-based valuation, supporting the same property tax system currently in use. We will continue to be an integral component, but operating independently, in the property tax business cycle that will provide upwards of $10 billion within the next decade to support B.C.'s communities. And we will maintain our customers' trust in the transparency and fairness of their assessment.

BC Assessment

We Value BC